

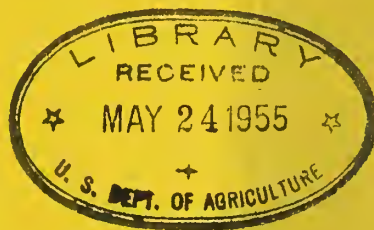
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# MARKET INFORMATION



A Report of the  
**National Marketing  
Workshop**

**August 26 to September 3, 1954** ----- **Cornell University**

**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**Agricultural Marketing Service**  
**Cooperating with LAND GRANT COLLEGES**

UNITED STATES  
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## INTRODUCTION

The purpose of the Marketing Workshops held in 1953 and 1954 and the one planned for 1955 is to increase the effectiveness of research, service and educational work in agricultural marketing by providing persons engaged in such work with the opportunity to clarify objectives, improve methodology, and increase the effectiveness of such work with special attention to the contributions of and interrelationships among research, service and educational programs in the solution of specific marketing problems. The specific purpose of the 1954 Workshop was "To improve the effectiveness of research, service and extension work dealing with development and dissemination of market information for effective buying and selling by providing for those engaged in such work the opportunity to strengthen their professional competence."

Emphasis given to marketing work by the Research and Marketing Act of 1946 created a need for a training program. Initial impetus was given to improvement of training of professional workers in the field of agricultural marketing by the Joint Land-Grant College - USDA Committee on Training for Government Service then under the co-chairmanship of C. E. Friley, former President of Iowa State College, and T. Roy Reid, former Director of Personnel of the Department of Agriculture.

At the recommendation of this Joint Committee, marketing research workshops were held annually from 1949 to 1952. Following the 1952 Workshop, as described in the report of the 1953 Workshop, a committee developed plans for broadening the scope of the workshops to provide more opportunity for exchange of ideas between those engaged in marketing research and those doing educational and service work in the marketing of agricultural products. A sequence of 3 workshops in this broader setting were planned as follows:

1. In 1953 in a Western State on the topic: "Modernizing Market Organization, Structure and Facilities"
2. In 1954 in a Northeastern State on the topic: "Developing and Applying Information for Effective Buying and Selling"
3. In 1955 in a Midwestern or South Central State on the topic: "Obtaining Efficient Use of Labor, Equipment and Other Market Resources"

The membership of the committee for the 1954 Workshop, appointed by the co-chairmen of the Joint Committee on Training, was:

Max E. Brunk, Professor of Marketing, New York State  
College of Agriculture, Cornell University,  
Ithaca, New York - Chairman

C. E. Klingner, Marketing Specialist, Agricultural Extension Service, Columbia, Missouri

Wayne A. Lee, Associate Professor of Marketing  
Pennsylvania State University  
State College, Pennsylvania

S. R. Newell, Director, Agricultural Estimates Division  
Agricultural Marketing Service, U. S. Dept. of  
Agriculture, Washington 25, D. C.

Shelby Robert, Market Development Branch, Agricultural  
Marketing Service, U. S. Dept. of Agriculture  
Washington 25, D. C.

Gale A. Ueland, Consumer Education and Marketing  
Agricultural Extension Service, U. S. Dept. of  
Agriculture, Washington 25, D. C.

John Winfield, Director, Division of Markets  
North Carolina State Department of Agriculture  
Raleigh, North Carolina

Harry C. Trelogan, Director, Marketing Research Division  
Agricultural Marketing Service, U. S. Dept. of  
Agriculture, Washington 25, D. C. - Consultant

Barnard Joy, Assistant to the Administrator, Agricultural Research  
Service, U. S. Dept. of Agriculture, and A. W. True, Assistant to the  
Director, Marketing Research Division, Agricultural Marketing Service,  
U. S. Dept. of Agriculture, served jointly as secretary of the committee  
and as executive secretary of the Workshop.

The program developed by the committee was approved by the Joint Com-  
mittee on Training at its meeting held in Washington, D. C., April 26-27,  
1954.

Directors of Experiment Stations, Directors of Extension Services and  
Commissioners of Departments of Agriculture in each of the states, and  
Chiefs of Federal agencies were asked to send representatives who were  
engaged in marketing research, extension and service work dealing with  
developing and applying information for effective buying and selling.

Experiment Station Directors in 26 states responded to this invitation  
by sending 42 representatives; Extension Directors in 25 states sent  
42 representatives; Commissioners of Agriculture in 15 states sent 28  
representatives; the Canadian Department of Agriculture and the Ontario  
Agricultural College each sent 1 representative; Puerto Rico sent 2 Ex-  
tension representatives, 2 Department of Agriculture representatives, and  
1 Experiment Station representative; five Federal agencies sent 51 repre-  
sentatives. These 170 persons with 4 speakers and 28 members of the  
Cornell staff at Ithaca made up the group of 202 who were members of the  
Workshop. In addition, there were 10 speakers who were unable to stay  
for a sufficient length of time to participate in more than one or two  
of the work group sessions.



Background material that stimulated the thinking of the group was given in 18 presentations made at 13 general sessions. Approximately three-fourths of the 16 hours spent in these general sessions was devoted to presentations by speakers and one-fourth to questions and discussion from the floor.

The membership of the Workshop was divided into 11 work groups. Each of these groups had 11 sessions totaling 15 hours. The secretary of each group prepared a report on the topic considered by the group. The last 3 general sessions were devoted to presentation of these reports and discussion of them by the entire membership.

Several tours, a picnic, and 3 dinner meetings provided opportunity to take advantage of some of the many interesting resources available at or near Cornell University. Some of these were not directly related to marketing. An important characteristic of the Workshop was its flexibility. Twenty-three ad hoc meetings and activities were scheduled for those who had a common interest in a particular problem.

In addition to providing transportation and very excellent accommodations for meetings, meals and lodging, the Cornell University staff under the leadership of Max E. Brunk, chairman of the committee on local arrangements, provided for a variety of recreational activities. Mrs. Gertrude M. Farmer, who served as secretary for the Workshop, was assisted by several of the secretaries at Cornell who also did the duplicating work of the presentations made at general sessions.

At its final session the Workshop adopted resolutions expressing appreciation to Cornell University and members of its staff for the fine accommodations, for the contributions to the program and for its generous hospitality; to State Experiment Station Directors, Extension Directors and Commissioners of Agriculture, and Agency Heads for making possible the attendance of members of their staffs; and to the Land-Grant College Association and the Agricultural Marketing Service for their sponsorship of the Workshop.

The following report of the Workshop includes the papers presented at the general sessions as they were submitted by the speakers for reproduction. It also includes reports of the discussions in the individual work groups as submitted by work group secretaries, who were individually responsible for summarizing the work group discussions.

- - - - -

PROGRAM

Thursday, August 26

1:00-2:30      General Session . . . . . Room 45, Warren Hall

Chairman . . . . . Harry C. Trelogan, Director  
Marketing Research Division  
Agricultural Marketing Service, USDA

Plans for Work Group Meetings . . . . .  
Barnard Joy  
Assistant to the Administrator  
Agricultural Research Service, USDA

Purpose of Market Information . . . . .  
O. V. Wells, Administrator  
Agricultural Marketing Service, USDA

General Information . . . . .  
Max E. Brunk  
Professor of Marketing  
Department of Agricultural Economics  
Cornell University

2:30-3:30      Work Group Meetings

Work Group I . . . . . Room 14, Warren Hall  
Underlying Theory and Data for Market Analyses

Leader . . . . . Herman M. Southworth  
Assistant to Deputy Administrator  
Marketing Research and Statistics  
Agricultural Marketing Service, USDA

Secretary . . . . . James R. Bowring  
Associate Professor of Agricultural  
Economics  
University of New Hampshire

Consultants . . . . . Bushrod W. Allin  
Chairman, Outlook and Situation Board  
Agricultural Marketing Service, USDA

Clifford Hildreth  
Professor of Agricultural Economics  
North Carolina State College

Work Group II . . . . . Room 37, Warren Hall  
Information to Guide Producers in Adjusting  
Production to Market Demand



Thursday, August 26 (cont'd.)

Leader . . . . . Aubrey J. Brown, Head  
Department of Agricultural Economics  
University of Kentucky

Secretary . . . . . Roy A. Bodin  
Agricultural Statistician  
Minnesota State Department of Agriculture

Consultant . . . . . Fred E. Cole  
Extension Marketing Specialist  
University of Massachusetts

Work Group III . . . . . Room 101 Warren Hall  
Information to Assist Producers in Determining  
When and Where to Sell

Leader . . . . . Robert B. Donaldson  
Professor of Agricultural Economics  
Pennsylvania State University

Secretary . . . . . Clifton B. Cox  
Associate Professor of Agricultural  
Economics  
Purdue University

Consultant . . . . . Stanley Andrews, Director  
National Project on Agricultural  
Communications  
Michigan State College

Work Group IV . . . . . Room 205 Warren Hall  
Information Requirements for Advance Pricing

Leader . . . . . Stanley K. Seaver  
Associate Professor of Agricultural  
Economics  
University of Connecticut

Secretary . . . . . John I. Kross  
Associate Professor of Agricultural  
Economics  
University of Wisconsin

Work Group V . . . . . Room 302 Warren Hall  
Current Information on Assembly Markets

Leader . . . . . John Winfield  
Director, Division of Markets  
North Carolina State Department  
of Agriculture

Thursday, August 26 (cont'd.)

Secretary . . . . . Eric Thor  
Associate Economist  
Department of Agricultural Economics  
University of Florida

Consultant . . . . . S. R. Newell, Director  
Agricultural Estimates Division  
Agricultural Marketing Service, USDA

Work Group VI . . . . . Room 360 Warren Hall  
Improving Terminal Market Information

Leader . . . . . C. D. Schoolcraft, Chief  
Market News Branch, Fruit & Vegetable Div.  
Agricultural Marketing Service, USDA

Secretary . . . . . J. O. Gerald, Agricultural Economist  
Market Organization and Costs Branch  
Agricultural Marketing Service, USDA

Consultant . . . . . Harry C. Trelogan, Director  
Marketing Research Division  
Agricultural Marketing Service, USDA

Work Group VII . . . . . Room 448 Warren Hall  
Supplying Information for Retailers

Leader . . . . . Raymond C. Scott, Extension Economist  
Federal Extension Service, USDA

Secretary . . . . . H. Jack Jones, Chief  
Market News Service  
Alabama State Department of Agriculture

Consultant . . . . . Ray A. Higgins  
Store Operations Specialist  
Super Market Institute  
Chicago, Illinois

Work Group VIII . . . . . Room 132, Warren Hall  
Trade Programs to Influence Consumer  
Demand and Buying Practices

Leader . . . . . Shelby A. Robert, Jr.  
Market Development Branch  
Agricultural Marketing Service, USDA

Secretary . . . . . Robert H. Pelley  
Extension Specialist in Dairy Marketing  
Ohio State University

Thursday, August 26 (cont'd.)

Consultants . . . . Harper W. Boyd, Jr.  
Associate Professor of Marketing  
Northwestern University

Robert C. White  
Price Analyst, Florida Citrus Mutual  
Lakeland, Florida

Work Group IX . . . . . Room 160 Warren Hall  
Influencing Behavior Through  
Merchandising Practices

Leader . . . . . L. B. Darrah  
Professor of Marketing  
Department of Agricultural Economics  
Cornell University

Secretary . . . . . Wayne A. Lee  
Professor of Marketing  
Department of Agricultural Economics  
Pennsylvania State University

Consultants . . . . Donald W. McDowell, Director  
Wisconsin State Department of  
Agriculture

James L. Mahoney, Secretary-Treasurer  
Independent Food Growers Association  
Manchester, New Hampshire

Work Group X . . . . . Room 232 Warren Hall  
Consumer Behavior and Preference

Leader . . . . . Mrs. Trienah Meyers  
Market Development Branch  
Agricultural Marketing Service, USDA

Secretary . . . . . Myra L. Bishop  
Head, Home Management Department  
University of Tennessee

Consultants . . . . Howard L. Stier, Director  
Division of Statistics  
National Canners Association  
Washington, D. C.

Catherine Personius  
Head, Department of Food and Nutrition  
Cornell University

Thursday, August 26 (cont'd.)

M. E. John, Head  
Department of Agricultural Economics  
Pennsylvania State University

Work Group XI . . . . . Room 201 Warren Hall  
Supplying Consumer Buying Information

Leaders . . . . .Mabel A. Rollins, Head  
Department of Economics of Household  
Cornell University

Gale A. Ueland  
Extension Economist in Marketing  
Federal Extension Service, USDA

Secretaries . . .Mrs. Loa Davis Whitfield  
Extension Specialist  
Consumer Food Marketing  
Ohio State University

Charles E. Eshbach, Director  
New England Extension Market Information  
Boston, Massachusetts

Consultants . . .Frances Scudder, Director  
Home Economics Programs  
Federal Extension Service, USDA

Harriet Jean Anderson, Director  
Home Economics Section  
American Can Company  
New York City

3:40-4:40      General Session . . . . . Room 45, Warren Hall

Chairman . . . . . Fred R. Taylor, Head  
Department of Agricultural Economics  
University of Rhode Island

Adequacy of Research for Market Extension and Service  
Work . . . . . F. E. Cole, Extension Specialist  
Fruit and Vegetable Marketing  
University of Massachusetts

6:30-8:30      Dinner . . . . . Ballroom - Statler Hall

Chairman . . . . . G. W. Hedlund, Head  
Department of Agricultural Economics  
Cornell University

Speaker . . . . . W. I. Myers, Dean  
College of Agriculture  
Cornell University



Friday, August 27

8:30-10:00      General Session . . . . . Room 45, Warren Hall

Chairman . . . . L. J. Norton, Professor  
Department of Agricultural Economics  
University of Illinois

Panel: Role of Various Agencies in Market Information

Agricultural Estimates . . . . .  
S. R. Newell, Director  
Agricultural Estimates Division  
Agricultural Marketing Service, USDA

Market Analysis and Outlook . . . . .  
Bushrod W. Allin, Chairman  
Outlook and Situation Board  
Agricultural Marketing Service, USDA

Market News . . . John A. Winfield, Director  
Division of Markets  
North Carolina State Department of  
Agriculture

Consumer Education . . . . .  
Frances Scudder, Director  
Home Economics Programs  
Federal Extension Service, USDA

10:10-11:40      Work Group Sessions

1:00-2:00      General Session . . . . . Room 45, Warren Hall

Chairman . . . . Maurice Bond  
Director of Extension  
Cornell University

What Market Information do Farmers Want and Use?  
Stanley Andrews, Director  
National Project for Agricultural  
Communications  
Michigan State College

2:10-3:40      Work Group Sessions

Saturday, August 28

8:30-9:30      General Session . . . . . Room 45, Warren Hall

Chairman . . . . Miriam J. Kelley  
Assistant State Leader  
Michigan Extension Service  
Michigan State College

Saturday, August 28 (cont'd.)

What Market Information do Consumers Want and Use?

Harriet Jean Anderson  
Director, Home Economics Section  
American Can Company  
New York City

9:40-11:40          Work Group Sessions

1:00-2:00          General Session . . . . . Room 45, Warren Hall

Chairman . . . . . Lewis F. Norwood, Jr.  
Retail Marketing Specialist  
Boston, Massachusetts

What Information do Retailers Want and Use?

James L. Mahony, Executive Secretary  
New Hampshire Independent Food and  
Grocers' Association  
Manchester, New Hampshire

2:30-7:00          Picnic . . . . . Cayuga Lake

Monday, August 30

8:30-9:45          General Session . . . . . Room 45, Warren Hall

Chairman . . . . . Moyle S. Williams, In Charge  
Extension Farm Management and Marketing  
North Carolina State College

Approaches to Measurement of Supply and Demand for Commodities  
and Services . . . C. G. Hildreth, Professor  
Department of Agricultural Economics  
North Carolina State College

9:55-11:40          Work Group Sessions

1:00-2:00          General Session . . . . . Room 45, Warren Hall

Chairman . . . . . Edward J. Overby, Director  
Cotton Division  
Agricultural Marketing Service, USDA

Use of Supply-Demand Analysis in Industry Marketing Programs

Robert C. White, Price Analyst  
Florida Citrus Mutual  
Lakeland, Florida

2:10-3:45          Work Group Sessions

Monday, August 30 (cont'd.)

6:30-8:30      Dinner . . . . . Ballroom - Statler Hall

Chairman . . . . . C. E. F. Guterman, Director  
Agricultural Experiment Station  
Cornell University

A Botanist's Look at the Problem of Growth  
F. C. Steward, Professor of Botany  
Cornell University

Tuesday, August 31

8:30-9:45      General Session . . . . . Room 45, Warren Hall

Chairman . . . . . Calla Van Syckle  
Professor and Home Economist  
Washington State College

Product Quality Considerations in Market Information  
Kenneth J. McCallister  
Market Organization and Costs Branch  
Agricultural Marketing Service, USDA

9:55-11:40      Work Group Sessions

1:00-2:00      General Session . . . . . Room 45, Warren Hall

Chairman . . . . . M. P. Rasmussen  
Professor of Marketing  
Department of Agricultural Economics  
Cornell University

Obstacles to Adjustment to Market Demand  
M. E. John, Head  
Department of Agricultural Economics  
Pennsylvania State University

2:10-3:40      Work Group Sessions

Wednesday, Sept. 1

8:30-10:00      General Session . . . . . Room 45, Warren Hall

Chairman . . . . . Hunter Hering  
Supervisor of Marketing Research  
Michigan State Department of  
Agriculture  
Lansing, Michigan

Wednesday, Sept. 1 (cont'd.)

Developing Working Relations with Trade Groups  
D. N. McDowell, Director  
Wisconsin State Department of  
Agriculture  
Madison, Wisconsin

R. A. Higgins  
Store Operations Specialist  
Super Market Institute  
Chicago, Illinois

10:10-11:40      Work Group Sessions

1:00-2:00      General Session . . . . Room 45, Warren Hall

Chairman . . . . George H. Chick, Chief  
Bureau of Markets  
Maine State Department of Agriculture

An Illustration of a Coordinated Market Information  
Program . . . . L. H. Davis  
Associate Professor of Marketing  
Department of Agricultural Economics  
Cornell University

2:10-3:40      Work Group Sessions

6:30-8:30      Special Group Dinners, such as Employees of  
State Departments of Agriculture, Consumer Educa-  
tion Specialists, etc.

Thursday, Sept. 2

8:30-10:00      General Session . . . . Room 45, Warren Hall

Chairman . . . . Charles Figy  
Assistant to the Secretary  
U. S. Dept. of Agriculture

Contributions of Private Marketing Agencies in Supply-  
ing Market Information

Harper W. Boyd, Jr.  
Professor of Marketing  
Northwestern University

Howard L. Stier  
Director, Division of Statistics  
National Cannery Association  
Washington, D. C.



Thursday, Sept. 2 (cont'd.)

10:10-10:50 Work Group Sessions

11:00-12:15 General Session . . . . . Room 45, Warren Hall

Chairman . . . . . W. J. Kuhrt, Chief  
Bureau of Markets  
California State Department of Agriculture

Reports of Work Groups I, VII, and XI by respective  
secretaries

1:30-3:30 General Session . . . . . Room 45, Warren Hall

Chairman . . . . . Bartolome M. Morrell, Chief  
Division of Agricultural Economics  
Department of Agriculture and Commerce  
Santurce, Puerto Rico

Reports of Work Groups II, III, IV, V, and VI by  
respective secretaries

3:30-4:00 Coffee and ad hoc sessions

4:00-5:15 General Session . . . . . Room 45, Warren Hall

Chairman . . . . . Wendell G. Earle  
Associate Professor of Marketing  
Department of Agricultural Economics  
Cornell University

Reports of Work Groups VIII, IX, and X by respective  
secretaries

6:30-9:30 Dinner . . . . . Ballroom - Statler Hall

Chairman . . . . . F. F. Hill, Provost  
Cornell University

Hunting with Microphone and Color Camera -  
A. A. Allen, Professor Emeritus  
Cornell University

Report of Resolutions Committee -  
Daniel W. Sturt - Chairman  
Assistant Professor of Agricultural  
Economics  
Michigan State College

Summary of the Workshop -  
Harry C. Trelogan, Director  
Marketing Research Division  
Agricultural Marketing Service, USDA

AD HOC (OPTIONAL) SESSIONS

Friday, August 27 - 4:15 p.m.

- |  |                   |   |
|--|-------------------|---|
| 1. Tea for Women - (3:45 p.m.)                                   | Home Econ. Lounge | Cornell Econ. Staff   |
| 2. Further Discussion of "What Information Farmers Want and Use" | Rm. 402, Warren   | Chairman -<br>Franklin Thackrey<br>Resource Leader -<br>Stanley Andrews |

Sunday, August 29

- |                                |                   |
|--------------------------------|-------------------|
| 3. Trip to Corning Glass Works | Corning, New York |
|--------------------------------|-------------------|

Monday, August 30 - 4:15 p.m.

- |  |                  |   |
|--|------------------|---|
| 4. Tour of Home Economics Building - (3:45 p.m.)                             | Home Econ. Foyer | Chairman -<br>Catherine Personius   |
| 5. Further Discussion of "Development and Use of Supply and Demand Analysis" | Rm. 402, Warren  | Chairman -<br>Wm. O'Regan<br>Resource Leaders -<br>Bob White<br>Clifford Hildreth |
| 6. Marketing Dairy Products  | Rm. 101, Warren  | Chairman -<br>L. F. Herrmann  |
| 7. Marketing Livestock and Livestock Products                                | Rm. 160, Warren  | Chairman -<br>Harold Breimyer   |
| 8. Retail Pricing and Price Reporting  | Rm. 201, Warren  | Chairman -<br>Ken Ogren<br>Resource Leader -<br>K. J. McCallister                 |
| 9. Use of T.V. in Disseminating Market Information                           | Rm. 260, Warren  | Chairman -<br>Carleton Wright   |

Tuesday, August 31 - 4:15 p.m.

- |   |                 |  |
|---|-----------------|--|
| 10. Further Discussion of "Obstacles to Adjustment to Market Demand"  | Rm. 402, Warren | Chairman -<br>Joe Hauck<br>Resource Leader -<br>M. E. John             |
| 11. Further Discussion of "Quality Consideration in Market Information" and "Quality Standards and Regulations" | Rm. 101, Warren | Chairman -<br>C. D. Phillips<br>Resource Leader -<br>K. J. McCallister |

Tuesday, August 31 (cont'd.)

- |                                     |                 |                         |
|-------------------------------------|-----------------|-------------------------|
| 12. Survey Methodology              | Rm. 260, Warren | Chairman - Dick Grant   |
| 13. Marketing Fruits and Vegetables | Rm. 160, Warren | Chairman - Geo. Abshier |
| 14. Demand Analysis                 | Rm. 201, Warren | Chairman - Rex Daly     |

Wednesday, Sept. 1 - 4:15 p.m.

- |   |                 |  |
|---|-----------------|--|
| 15. Further Discussion of "Developing Working Relationships with Trade Groups" and "Coordinated Mkt. Information Program" | Rm. 402, Warren | Chairman - E. V. Coville<br>Resource Leaders -<br>Don McDowell<br>Ray Higgins<br>Lloyd Davis |
| 16. Marketing Poultry Products  | Rm. 101, Warren | Chairman - Fred Taylor   |
| 17. Marketing Frozen and Processed Foods  | Rm. 160, Warren | Chairman - G. B. Davis   |
| 18. Improvement of Market Information Publications and News Releases  | Rm. 201, Warren | Chairman -<br>Kathryn Cronister  |
| 19. Advertising Research Techniques   | Rm. 260, Warren | Chairman - Paul Findlen<br>Resource Leader -<br>Harper Boyd, Jr.                             |

Wednesday, Sept. 1 - 6:30 p.m.

- |   |                     |  |
|---|---------------------|--|
| 20. Dinner for employees of State Depts. of Agriculture | Statler Dining Room | Committee -<br>Walt Ebling<br>Tom Fox<br>George Goldsborough |
| 21. Dinner for employees of State Experiment Stations   | Statler Dining Room | Committee -<br>Paul Farris<br>Joe Johnson<br>Tim Lee         |
| 22. Dinner for employees of State Ext. Services         | Statler Dining Room | Committee -<br>Mildred Smith<br>Bea Tanielian<br>Ed Johnson  |

Thursday, Sept. 2 - 5:00 p.m.

- |   |                 |  |
|---|-----------------|--|
| 23. Further Discussion of "Contributions of Private Marketing Agencies in Supplying Market Information" | Rm. 402, Warren | Chairman - Frank Blood<br>Resource Leaders -<br>Harper Boyd, Jr.<br>Howard Stier |
|---|-----------------|--|



PARTICIPANTS IN THE WORKSHOP

Abshier, George S.	Ext. Mktg. Specialist N. C. State College Raleigh, North Carolina	Member Work Group II, Chairman, Ad hoc ses- sion, August 31
Allee, David J.	Graduate Student Dept. of Agr. Econ. Cornell University Ithaca, New York	Member Work Group I and Local Committee
Allen, A. A.	Professor Emeritus Cornell University Ithaca, New York	Guest speaker, Sept. 2
Allin, Bushrod W.	Chairman, Outlook and Situation Board Agr. Mktg. Service, USDA Washington 25, D. C.	Speaker, August 27, Consultant to Work Group I
Anderson, H. Jean	Director, Home Econ. Section American Can Co. New York City	Speaker, August 28, Consultant to Work Group XI
Anderson, Roice H.	Assoc. Professor of Agr. Economics Utah State Agr. College Logan, Utah	Member Work Group IX
Andrews, Stanley	Executive Director Nat'l. Project of Agri- cultural Communications Michigan State College East Lansing, Michigan	Speaker, August 27, Consultant to Work Group III
Appel, Harry	Market Reporter N. Y. State Dept. of Agr. Albany, N. Y.	Member Work Group VI
Bailey, John	Graduate Student Dept. of Agr. Econ. Cornell University Ithaca, N. Y.	Member Work Group I
Bair, Wm. I.	Director, Bu. of Statistics N. Y. State Dept. of Agr. Albany, N. Y.	Member Work Group II

Baker, Chas. K.	Agricultural Economist Farmer Cooperative Service U. S. Dept. of Agriculture Washington 25, D. C.	Member Work Group VIII
Bamesberger, Elsie	Ext. Consumer Education Specialist Penna. State University State College, Penna.	Member Work Group XI
Barton, Glen T.	Agricultural Economist Production Econ. Res. Br. Agr. Res. Service, USDA Washington 25, D. C.	Member Work Group II
Baum, E. L.	Asst. Professor of Agricultural Economics State College of Washington Pullman, Washington	Member Work Group IX
Bishop, Myra L.	Head, Dept. of Home Mgt. University of Tennessee Knoxville, Tennessee	Secretary Work Group X
Blood, F. E.	Assistant to Deputy Adm. for Mktg. Services Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group VI, Chairman, Ad hoc ses- sion, Sept. 2
Blum, John C.	Dairy Division, Agr. Mktg. Service, USDA Washington 25, D. C.	Member Work Group IV
Blum, Martin	Graduate Student Dept. of Agr. Economics Cornell University Ithaca, New York	Member Work Group VII
Bodin, Roy A.	Agricultural Statistician Minn. State Dept. of Agr. St. Paul, Minn.	Secretary Work Group II
Bond, Maurice	Director of Extension Cornell University Ithaca, New York	Chairman, General Session, August 27
Borg, Walter T.	Grain Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group III

Bowring, James R.	Assoc. Professor of Agricultural Economics University of New Hampshire Durham, N. H.	Secretary Work Group I
Boyd, Harper W., Jr.	Associate Professor of Marketing Northwestern University Evanston, Illinois	Speaker, Sept. 2, Consultant to Work Group VIII
Breimyer, H. F.	Agr. Econ. Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group III, Chairman, Ad hoc ses- sion, August 30
Brent, Catherine (Mrs.)	Ext. Home Econ. in Mktg. St. Louis, Mo.	Member Work Group XI
Brown, Aubrey J.	Head, Dept. of Agr. Econ. University of Kentucky Lexington, Ky.	Leader, Work Group II
Browne, Stanley T.	Mktg. Specialist Division of Markets Maine State Dept. of Agr. Augusta, Me.	Member Work Group IX
Brunk, Max E.	Professor of Marketing Cornell University Ithaca, New York	Chairman, Local Com- mittee, Member of Planning Committee
Buell, Burton C.	Market Reporter Bureau of Markets N. Y. State Dept. of Agr. Albany, New York	Member Work Group I
Caparoon, C. D.	Agricultural Statistician Wisc. State Dept. of Agr. Madison, Wisconsin	Member Work Group III
Carlisle, Annette (Mrs.)	Extension Specialist Mktg. and Consumer Education Louisville, Ky.	Member Work Group X
Carpenter, Kendall	Marketing Specialist (AMS Cooperative Appointment) Cornell University Ithaca, New York	Member Work Group IX



Charron, Wm. P.	Marketing Specialist Division of Markets Maine State Dept. of Agr. Augusta, Me.	Member Work Group VIII
Chick, Geo. H.	Chief, Div. of Markets Maine State Dept. of Agr. Augusta, Maine	Member Work Group III, Member Resolutions Com., Chairman, Gen. session Sept. 1
Christensen, S. K.	Assistant Professor of Dairy Marketing Cornell University Ithaca, New York	Member Work Group VIII
Christensen, Rondo	Graduate Student Dept. of Agr. Economics Cornell University Ithaca, New York	Part-time participant
Cole, F. E.	Extension Specialist Fruit & Vegetable Mktg. University of Massachusetts Amherst, Mass.	Speaker, August 26, Consultant to Work Group II
Coville, E. V.	Assistant Director Division of Markets Va. State Dept. of Agr. Richmond, Va.	Member Work Group VI, Chairman, Ad hoc ses- sion, Sept. 1
Cox, Clifton B.	Associate Professor of Agricultural Economics Purdue University W. Lafayette, Indiana	Secretary Work Group III
Creager, Thos. A.	Ext. Mktg. Specialist Michigan State College East Lansing, Michigan	Member Work Group VII
Cronister, Kathryn	Home Econ. Res. Branch Agr. Res. Serv., USDA Washington 25, D. C.	Member Work Group XI, Chairman, Ad hoc ses- sion Sept. 1
Dailey, Edward	Ext. Livestock Mktg. Specialist South Dakota State College Brookings, South Dakota	Member Work Group III

Daly, Rex F.	Agr. Econ. Division Agr. Mktg. Service, USDA Washington 25, D. C.	Member Work Group II Chairman, Ad hoc ses- sion, August 31
Darrah, L. B.	Professor of Marketing Dept. of Agr. Economics Cornell University Ithaca, New York	Leader, Work Group IX
Davis, G. B.	Assoc. Agr. Economist Dept. of Agr. Economics Oregon State College Corvallis, Oregon	Member Work Group IX Chairman, Ad hoc ses- sion, Sept. 1
Davis, Lloyd H.	Assoc. Professor of Mktg. Dept. of Agr. Econ. Cornell University Ithaca, New York	Speaker, Sept. 1, Member Work Group VII
Davis, L. M.	Chief, Dairy and Poultry Market News Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group VI
Dewey, Arthur W.	Assoc. Professor of Agricultural Economics University of Connecticut Storrs, Connecticut	Member Work Group V
Dominick, Ben A.	Assoc. Professor of Mktg., Ext. Dept. of Agr. Econ. Cornell University Ithaca, New York	Member Work Group IX, and Local Committee
Donaldson, Robt. B.	Professor of Agr. Econ., Ext. Pennsylvania State University State College, Pennsylvania	Leader Work Group III
Drew, William H.	Asst. Professor of Agr. Econ. University of Connecticut Storrs, Connecticut	Member Work Group V
Dubois, Rita	Ext. Econ. in Food Mktg. Federal Extension Service U. S. Dept. of Agriculture Washington 25, D. C.	Member Work Group XI
Earle, Wendell G.	Assoc. Prof. of Mktg. (Ext.) Cornell University Ithaca, New York	Chairman, Gen. Session Sept. 2, and member of Local Committee



Ebling, Walter H.	Agricultural Statistician Wisconsin State Department of Agriculture Madison, Wisconsin	Member Work Group I, and Committee for State Dept. of Agr. Dinner
England, George M.	Asst. Agr. Economist Dept. of Agr. Economics University of Vermont Burlington, Vermont	Member Work Group VII
Eshbach, Chas. E.	Director, New England Ext. Mktg. Inf. Program Boston, Massachusetts	Secretary Work Group XI
Ewalt, Cleora M.	Assoc. Extension Agent Consumer Food Mktg. Inf. Toledo, Ohio	Member Work Group XI
Farmer, Gertrude M.	Administrative Assistant Marketing Research Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Secretary of Workshop
Farris, Paul L.	Asst. Professor of Econ. Dept. of Agr. Econ. Purdue University W. LaFayette, Indiana	Member Work Group VI, and Committee for Exp. Sta. Dinner
Farris, W. S.	Extension Economist Purdue University W. LaFayette, Indiana	Member Work Group V
Figy, Charles	Asst. to the Secretary U. S. Dept. of Agriculture Washington 25, D. C.	Chairman, Gen. Ses- sion, Sept. 2
Findlen, Paul J.	Research Director, Joint Legislative Com. on Imitation Dairy Products Cornell University Ithaca, New York	Member Work Group VIII
Flower, Stanley A.	Chief, Northeast Informa- tion Division Agr. Mktg. Serv., USDA 139 Center Street New York City	Member Work Group VI
Foote, Connie C.	Ext. Home Economist in Mktg. Kansas City, Mo.	Member Work Group XI

Foote, Richard J.	Agr. Econ. Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group XI
Fox, Tom	Marketing Specialist Oklahoma State Board of Agriculture Oklahoma City, Okla.	Member Work Group XI, and Committee for State Dept. of Agr. Dinner
Fultz, Max G.	County Agr. Agent Concord, Massachusetts	Member Work Group IX
Gerald, John A.	Marketing Res. Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Secretary Work Group VI
Goldsborough, G. H.	Liaison Office, State Depts. of Agriculture Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group V, and Com. for State Dept. of Agr. Dinner
Goss, Marshall J.	Office of Administrator Agr. Res. Serv., USDA Washington 25, D. C.	Member Work Group VII
Graham, Francis J.	Agr. Estimates Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group II
Grant, J. Richard	Office of Statistical Clearance Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group X, Chairman, Ad hoc ses- sion, August 31
Grenier, Oride E.	Agricultural Statistician N. Y. State Dept. of Agr. Albany, New York	Member Work Group VI
Gunn, Thos. I.	Graduate Student Dept. of Agr. Economics Cornell University Ithaca, New York	Member Work Group IX
Guterman, C. E. F.	Director, Agr. Exp. Station Cornell University Ithaca, New York	Chairman, dinner session, Aug. 30
Hampton, R.	Asst. Professor of Mktg. Dept. of Agr. Economics Cornell University Ithaca, New York	Member Work Group IV

Hannawald, E. B.	Agricultural Estimates Div. Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group V
Hauck, J. F.	Ext. and Res. Specialist in Marketing Rutgers University New Brunswick, N. J.	Member Work Group XI Chairman, Ad hoc session, August 31
Hawes, Russell C.	Ext. Mktg. Specialist Baltimore, Maryland	Member Work Group XI
Healy, Margaret E.	Ext. Home Econ. in Mktg. Cornell University Ithaca, New York	Member Work Group XI
Hedlund, G. W.	Head, Dept. of Agr. Econ. Cornell University Ithaca, New York	Chairman, dinner session, August 26
Hering, Hunter	Supervisor, Mktg. Res. Michigan State Dept. of Agriculture Lansing, Michigan	Member Work Group VIII, Chairman, Gen. session Sept. 1
Herrmann, L. F.	Marketing Research Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group IV, Chairman, Ad hoc session, August 30
Higgins, Ray A.	Store Operations Specialist Super Market Institute Chicago, Illinois	Speaker, Sept. 1, Consultant to Work Group VII
Hildreth, C. G.	Professor of Agr. Econ. North Carolina State College Raleigh, N. C.	Speaker, August 30, Consultant to Work Group I
Hill, F. F.	Provost Cornell University Ithaca, New York	Chairman, dinner session, Sept. 2
Hindman, Ruel	Mktg. Specialist Division of Markets Illinois State Department of Agriculture Springfield, Ill.	Member Work Group II
Hodgson, Ruth	Ext. Home Econ. in Mktg. 149 Church Street New York City	Member Work Group XI



Hoofnagle, Wm. S.	Marketing Research Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group IX
Jiminez, Carlos	Chief, Sec. of Mkt. News Service, Puerto Rico Dept. of Agriculture Santurce, Puerto Rico	Member Work Group II
John, M. E.	Head, Dept. of Agr. Econ. Pennsylvania State University State College, Pa.	Speaker, August 31, Consultant to Work Group X
Johnson, Edwin A.	Chief, Consumer Education and Marketing Inf. Branch Federal Ext. Serv., USDA Washington 25, D. C.	Member Work Group XI, and Committee for Ext. Dinner
Jonhson, J. M.	Assoc. Professor of Agr. Econ. Virginia Polytechnic Institute Blacksburg, Virginia	Member Work Group I, and Committee for Exp. Sta. Dinner
Johnson, Roy B.	Market News Supervisor Louisiana State Dept. of Agr. Baton Rouge, La.	Member Work Group III
Jones, H. Jack	Chief, Market News Service Alabama State Dept. of Agr. Montgomery, Alabama	Secretary, Work Group VII
Joy, Barnard	Asst. to Administrator Agr. Res. Serv., USDA Washington 25, D. C.	Member Work Group XI, Executive Secretary of Workshop
Judge, Geo. G.	Asst. Professor of Agr. Econ. University of Connecticut Storrs, Connecticut	Member Work Group I
Kelley, Miriam J.	Asst. State Home Demonstra- tion Leader Mktg. and Consumer Inf. Michigan State College East Lansing, Michigan	Member Work Group XI, Chairman, Gen. ses- sion, August 28
Kendall, Gladys	Home Industries and Mar- keting Specialist State Home Demonstration Office Tallahassee, Florida	Member Work Group XI

Kirkbride, John W.	Analytical Statistician Ohio State Dept. of Agr. Columbus, Ohio	Member Work Group II
Kneisel, Wm. G.	Ext. Specialist in Food Mktg. 149 Church Street New York City	Member Work Group VI
Kross, John I.	Assoc. Professor of Agr. Econ. University of Wisconsin Madison, Wisconsin	Secretary Work Group IV
Kuhrt, W. J.	Chief, Bureau of Markets Calif. State Dept. of Agr. Sacramento, California	Member Work Group VIII Chairman, Gen. session September 2
Lambert, Roy E.	Ext. Mktg. Specialist State Extension Service P. O. Box 391 Little Rock, Arkansas	Member Work Group II
Lawler, Katherine M.	County Home Demonstration Agent, Essex County Agricultural School Hathorne, Massachusetts	Member Work Group XI
Layton, Marilyn G.	Asst. in Marketing Dept. of Agr. Econ. Cornell University Ithaca, New York	Member Work Group XI
Lee, Alvin T. M.	Office of Experiment Stations Agr. Res. Serv., USDA Washington 25, D. C.	Member Work Group IV, and Committee for Agr. Exp. Sta. Dinner
Lee, Wayne A.	Professor of Marketing Dept. of Agr. Econ. Pennsylvania State University State College, Pennsylvania	Secretary Work Group IX
Leed, Theodore W.	Ext. Consumer Food Market- ing Specialist Ohio State University Columbus, Ohio	Member Work Group I
LeFebre, Livio	Marketing Specialist Agr. Experiment Station Rio Piedras, Puerto Rico	Member Work Group X

Libeau, Clayton P.	Assoc. Ext. Economist University of Nebraska Lincoln, Nebr.	Member Work Group IV
Livermore, D. Upton	Assoc. Ext. Agr. Econ. Virginia Polytechnic Inst. Blacksburg, Va.	Member Work Group II, and Resolutions Com.
Logan, Martha	Ext. Specialist in Mktg. and Consumer Information Louisville, Kentucky	Member Work Group XI
Lomasney, W. F.	Ext. Economist Federal Ext. Serv., USDA Washington 25, D. C.	Co-leader, Work Group VII
Long, Don F.	Ext. Consumer Food Mktg. Specialist Cincinnati, Ohio	Member Work Group V
Magruder, Roy	Office of Administrator Agr. Res. Serv., USDA Washington 25, D. C.	Member Work Group X
Mahoney, John E.	Marketing Specialist Department of Markets University of Maryland College Park, Maryland	Member Work Group VI
Mahony, James L.	Secretary-Treasurer Independent Food & Grocers Association of New Hampshire Manchester, New Hampshire	Speaker, August 28, Consultant to Work Group IX
Marston, Henry W.	Office of Administrator Agr. Res. Serv., USDA Washington 25, D. C.	Member Work Group II
McCallister, K. J.	Marketing Research Division Agr. Mktg. Service, USDA Washington 25, D. C.	Speaker August 31, Member of Work Group I
McDowell, D. N.	Director, Wisc. State Dept. of Agriculture Madison, Wisconsin	Speaker Sept. 1, Consultant to Work Group IX
McKerley, Jean	Ext. Consumer Education Specialist University of Wisconsin Madison, Wisconsin	Member Work Group XI



Meissner, Frank	Graduate Student Dept. of Agr. Economics Cornell University Ithaca, New York	Part-time participant
Menchaca, Mrs. Elba	Consumer Education Specialist Agr. Extension Service Rio Piedras, Puerto Rico	Member Work Group XI
Meredith, Alan D.	Asst. Res. Specialist in Mktg. Rutgers University New Brunswick, New Jersey	Member Work Group III
Metz, Joe F.	Graduate Student Dept. of Agr. Economics Cornell University Ithaca, New York	Member Work Group IX, and Local Committee
Meyers, Trienah (Mrs.)	Marketing Research Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Leader Work Group X
Miles, James F.	Assoc. Agr. Economist Clemson College Clemson, South Carolina	Member Work Group X
Moffett, A. G.	Supervisor, Div. of Markets Virginia State Dept. of Agr. Richmond, Va.	Member Work Group VII
Morrell, Bartolome M.	Chief, Div. of Agr. Econ. Bureau of Production and Mktg. Dept. of Agr. and Commerce Santurce, Puerto Rico	Member Work Group III, Chairman, Gen. ses- sion Sept. 2
Morrison, Thos. C.	Asst. Professor of Agr. Econ. University of Connecticut Storrs, Connecticut	Member Work Group III
Mountney, Geo. J.	Asst. Professor, Depts. of Poultry Husbandry & Ag. Econ. Texas A. & M. College College Station, Texas	Member Work Group VIII
Mullin, Joe E.	Agr. Estimates Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group II
Myers, W. I.	Dean, College of Agriculture Cornell University Ithaca, New York	Speaker, dinner ses- sion August 26

Newell, S. R.	Director, Agr. Estimates Div. Agr. Mktg. Serv., USDA Washington 25, D. C.	Speaker Aug. 27, Consultant to Work Group V, and mem- ber of Resolutions Committee
Nolan, Francena L.	Instructor in Home Mgt. and Rural Sociology Pennsylvania State University State College, Pa.	Member Work Group X
Norton, L. J.	Professor of Agr. Economics University of Illinois Urbana, Illinois	Member Work Group I Chairman, Gen. ses- sion, August 27
Norwood, Lewis F., Jr.	Retail Mktg. Specialist New England Ext. Mktg. Information Program Boston, Massachusetts	Member Work Group VII, Chairman, Gen. ses- sion August 28
Ogren, K. E.	Marketing Research Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group VII, Chairman, Ad hoc ses- sion August 30
O'Regan, Wm. G.	Asst. Professor and Consultant University of Florida Gainesville, Fla.	Member Work Group I, Chairman, Ad hoc ses- sion August 30
Overby, E. J.	Director, Cotton Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group III, Chairman, Gen. ses- sion August 30
Pallesen, Jasper E.	Agricultural Statistician Kansas State Dept. of Agr. Topeka, Kansas	Member Work Group IV
Parrish, Olive (Mrs.)	Ext. Specialist in Consumer Food Marketing Ohio State University Columbus, Ohio	Member Work Group XI
Pelley, Robert H.	Ext. Specialist in Dairy Mktg. Ohio State University Columbus, Ohio	Secretary Work Group VIII
Penny, N. M.	Agricultural Economist Agr. Exp. Station University of Georgia Experiment, Georgia	Member Work Group I



Personius, Catherine	Head, Dept. of Food and Nutrition, and Asst. Director of Exp. Station Cornell University Ithaca, New York	Consultant to Work Group X, and member of Resolutions Committee Chairman, Ad hoc session, August 30
Phillips, C. D.	Economist in Agr. Mktg. University of Kentucky Lexington, Ky.	Member Work Group X, Chairman, Ad hoc session August 31
Phillips, H. D.	In Charge, Market News Serv. N. Y. State Dept. of Agr. Albany, N. Y.	Member Work Group VI
Probst, Robert	Administrative Assistant Wisconsin State Dept. of Agr. Madison, Wisconsin	Member Work Group VIII
Rachlis, Morris	Economic Division Canada Dept. of Agriculture Ottawa, Ontario, Canada	Member Work Group I
Rasmussen, M. P.	Professor of Marketing Dept. of Agr. Economics Cornell University Ithaca, New York	Chairman, Gen. session August 31, Member of Work Group IX
Riley, Harold M.	Asst. Professor of Econ. Michigan State College East Lansing, Michigan	Member Work Group VII
Robert, Shelby A., Jr.	Marketing Research Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Leader Work Group VIII
Roberts, John B.	Economist in Agr. Mktg. University of Kentucky Lexington, Ky.	Member Work Group IX
Robinson, Larry	Director, Warehouse, Community Sales and Market News Division Oklahoma State Board of Agr. Oklahoma City, Okla.	Member Work Group III
Rodd, R. Stephen	Lecturer, Dept. of Agr. Econ. Ontario Agricultural College Guelph, Ontario, Canada	Member Work Group IV

Rollins, Mabel	Head, Dept. of Economics of Household Management Cornell University Ithaca, New York	Leader Work Group XI
Roy, Ewell P.	Research Associate La. State University Baton Rouge, Louisiana	Member Work Group IV
Ruderman, Elaine R.	Ext. Mktg. Assistant 149 Church Street New York City	Member Work Group XI
Schoolcraft, C. D.	Fruit and Vegetable Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Leader Work Group VI
Scott, Raymond C.	Extension Economist Federal Ext. Serv., USDA Washington 25, D. C.	Co-leader Work Group VII
Scudder, Frances	Director, Home Economics Programs Federal Ext. Serv., USDA Washington 25, D. C.	Speaker August 27, Consultant Work Group XI
Seaver, Stanley K.	Associate Professor of Econ. University of Connecticut Storrs, Connecticut	Leader Work Group IV
Severson, Alvah W.	Chief, Bureau of Market Reporting and Cooperatives N. J. State Dept. of Agr. Trenton, New Jersey	Member Work Group II
Sheive, Lucy F. (Mrs.)	Home Economist New England Ext. Marketing Information Program Boston, Massachusetts	Member Work Group XI
Sherr, Harry	Agr. Economics Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group VIII
Silva, Edmundo	Associate Economist Agr. Exp. Station Rio Piedras, Puerto Rico	Member Work Group X
Simon, Martin S.	Agr. Economics Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group I

Smith, Harold D.	Asst. Professor of Agricultural Economics University of Maryland College Park, Md.	Member Work Group IX
Smith, Hugh	Graduate Student Dept. of Agr. Economics Cornell University Ithaca, New York	Member Work Group IX
Smith, Mae Belle	Ext. Specialist in Consumer Education Texas A. & M. College College Station, Texas	Member Work Group XI
Smith, Mildred B.	Consumer Education Specialist University of Connecticut Storrs, Connecticut	Member Work Group XI, and Committee for Extension dinner
Southworth, H. M.	Asst. to Deputy Administra- tor, Res. and Statistics Agr. Mktg. Serv., USDA Washington 25, D. C.	Leader Work Group I
Spencer, Leland	Professor of Marketing Dept. of Agr. Economics Cornell University Ithaca, New York	Part-time participant
Steward, F. C.	Professor of Botany Cornell University Ithaca, New York	Dinner speaker, August 30
Stier, Howard L.	Director, Div. of Statistics National Canners Association 1133 - 20th St., N. W. Washington 6, D. C.	Speaker, Sept. 2 Consultant to Work Group X
Sturt, Daniel W.	Asst. Professor of Agr. Econ. Dept. of Agr. Economics Michigan State College East Lansing, Michigan	Member Work Group II, Chairman, Resolu- tions Committee
Sutherland, R. H.	Agr. Estimates Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group III
Tab, John	Graduate Student Dept. of Agr. Economics Cornell University Ithaca, New York	Part-time participant

Tabor, Maida D. (Mrs.)	Home Demonstration Agent Consumer Education in Mktg. New Orleans, Louisiana	Member Work Group XI
Tanielian, Beatrice S. (Mrs.)	Ext. Consumer Education Specialist Salt Lake City, Utah	Member Work Group XI, and Committee for Extension dinner
Tarleton, Curtis F.	Market News Editor N. C. State Dept. of Agr. Raleigh, North Carolina	Member Work Group V
Taylor, Fred R.	Head, Dept. of Agr. Econ. University of Rhode Island Kingston, Rhode Island	Member Work Group VI, Chairman, Gen. ses- sion, August 26, and Ad hoc session September 1
Thackrey, Franklin	Director, Information Div. Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group XI, Chairman, Ad hoc ses- sion August 27
Thomas, M. D.	Ext. Agr. Economist Oregon State College Corvallis, Oregon	Member Work Group II
Thor, Eric	Associate Economist Dept. of Agr. Economics University of Florida Gainesville, Fla.	Secretary, Work Group V
Tobey, Jonathan	Graduate Student Dept. of Agr. Econ. Cornell University Ithaca, New York	Member Work Group III
Toussiant, Wm. D.	Asst. Professor of Agr. Econ. N. C. State College Raleigh, North Carolina	Member Work Group I
Townsend, Forrest M.	Food Distribution Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group VIII
Tramel, Thos. E.	Asst. Professor of Agr. Econ. Mississippi State College State College, Mississippi	Member Work Group II
Trelogan, Harry C.	Director, Mktg. Res. Div. Agr. Mktg. Serv., USDA Washington 25, D. C.	Speaker, Sept. 2, Chairman, Gen. ses- sion August 26, Consultant to Work Group VI



Trotter, Warren K.	Graduate Student Dept. of Agr. Economics Cornell University Ithaca, New York	Member Work Group VIII
True, A. W.	Asst. to Director Marketing Research Division Agr. Mktg. Serv., USDA Washington 25, D. C.	Member Work Group V, Executive Secretary of Workshop
Turner, Claude G.	Deputy Director Tobacco Division, Agr. Mktg. Service, USDA Washington 25, D. C.	Member Work Group II
Ueland, Gale A.	Ext. Econ. in Marketing Federal Ext. Service, USDA Washington 25, D. C.	Leader Work Group XI
Underwood, R. E.	Assoc. Ext. Mktg. Specialist University of New Hampshire Durham, New Hampshire	Member Work Group VII
Urquhart, Doris	Food Marketing Information Specialist State Extension Service State College, New Mexico	Member Work Group XI
Van Meir, Lawrence W.	Asst. Professor of Economics Kansas State College Manhattan, Kans.	Member Work Group I
Van Syckle, Calla	Professor and Home Econ. State College of Washington Pullman, Washington	Member Work Group X, Chairman, Gen. ses- sion, August 31
von Oppenfeld, Horst	Instructor - Research in Floricultural Marketing Dept. of Horticulture Michigan State College East Lansing, Michigan	Member Work Group X
Wallace, Wm. H.	Ext. Mktg. Specialist University of Rhode Island Kingston, R. I.	Member Work Group IX
Wells, O. V.	Administrator Agricultural Marketing Service U. S. Dept. of Agriculture Washington 25, D. C.	Speaker, August 26

Whippen, Norman F.	Assoc. Ext. Mktg. Specialist University of New Hampshire Durham, New Hampshire	Member Work Group IX
White, Robert C.	Price Analyst Florida Citrus Mutual Lakeland, Florida	Speaker, August 30, Consultant to Work Group VIII
Whitfield, Loa (Mrs.)	Ext. Specialist in Con- sumer Food Marketing Ohio State University Columbus, Ohio	Secretary Work Group XI
Wilkins, Paul C.	Purchasing Division Farmer Cooperative Service U. S. Dept. of Agriculture Washington 25, D. C.	Member Work Group IX
Williams, Moyle S.	In Charge, Ext. Farm Manage- ment and Marketing North Carolina State College Raleigh, N. C.	Member Work Group XI, Chairman, Gen. ses- sion, August 30
Williamson, J. C.	Asst. Professor of Agr. Economics North Carolina State College Raleigh, N. C.	Member Work Group X
Winfield, John A.	Director, Div. of Markets N. C. State Dept. of Agr. Raleigh, N. C.	Speaker, August 27, Leader Work Group V
Witte, W. L.	Chief, Division of Markets Wisconsin State Dept. of Agr. Madison, Wisconsin	Member Work Group V
Wright, Carleton E.	Ext. Economist in Mktg. Cornell University Ithaca, New York	Member Work Group XI
Wysong, Jack	Graduate Student Dept. of Agr. Econ. Cornell University Ithaca, New York	Member Work Group I

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Presentations at General Sessions  
Thursday Afternoon, August 26

PURPOSE OF MARKET INFORMATION

O. V. Wells, Administrator  
Agricultural Marketing Service, USDA

My invitation indicates that this first talk should endeavor to define the scope and purpose of this, the sixth, National Agricultural Marketing Workshop.

The general purpose should be easily enough stated. A more efficient marketing system for agricultural commodities and the products derived therefrom is desirable and insofar as possible the State and Federal agencies which the various members of this Workshop represent should carry forward various activities as a means of assisting farmers and the private trade toward this end. This Workshop, of course, covers the whole field of market information and the extent to which activities in this field may contribute to more efficient market performance. However, there are several somewhat different standards against which "efficiency" may be measured. And I intend to give considerable attention to these differences, or more simply, to the conflicts which it seems we need to recognize and find ways of handling.

With respect to scope, simply look at the subjects which it is suggested that the various work groups consider: Underlying theory and data; information to guide producers in adjusting production; information to assist producers in determining when and where to sell; information requirements for advance pricing; current information on assembly markets; improving the terminal market information; supplying information for retailers; trade programs to influence consumer demand; consumer behavior and preferences; and supplying consumer buying information. All of this adds to a comprehensive look at the whole problem of market information and an effort "to appraise available market information in the light of the responsibilities of those supplying it and the needs of those seeking it."

It is in this last sentence that we find the real key to this and the other marketing workshops. We want to know the needs of those who are seeking information and, given this, we can then discuss the responsibilities of the various State and Federal agencies which may aid in this field and, equally important, the methods by which they may best attack each particular task.

An understanding of the needs of producers, of consumers and of our marketing agencies and the extent to which various marketing aids or services may be desirable calls for some kind of skeletal theory as to the kind of marketing system which we want. And here, I think,



we are in general agreement. We want a marketing system which approximates as closely as possible what the theorists would call a "free enterprise" model. There are several basic requirements for such a marketing system, one of the most important of which is that practically all parties to the bargaining process involved shall be accurately and, so far as reasonably possible, equally well-informed.

Several million farmers move their products into our marketing system which is in turn composed of thousands upon thousands of individual firms operating in connection with particular commodities and functions. Under such conditions, public agencies can be extremely useful in gathering and supplying market information. Public agencies cannot and should not supplant private initiative in the trading and marketing process, but there are many kinds of information which can be more effectively collected by some central group than by hundreds of thousands of individual units. The public agencies to which such functions are assigned are of course under the obligation to see that their material is made generally available as soon as possible to everyone interested.

This much I think we would all agree upon. There is, though, one problem which needs to be noted. Professional workers especially, once they find themselves discussing general theory or basic determinants, are generally inclined to talk in static terms, of how things should work assuming we had reached a stable equilibrium where trade practices, consumer habits, and the level of consumer demand are approximately constant or at least where the changes proceed only gradually along rather easily determined trend lines. Working out information activities and services which would best fulfill requirements in such a static system is much easier than working out the problem for the actual world within which we live -- a world which happens to be dynamic rather than static, a world in which it sometimes seems that the struggle between the old and the new results in an almost constant mass schizophrenia.

But the fact remains that individual businessmen -- whether farmers, traders, processors, wholesalers, or retailers -- are constantly looking for new and better ways of doing things; that the average American consumer is quite responsive both to technological improvement and changes in market prices; and that our free enterprise system usually rewards, often quite handsomely, those who develop new or improved products or more efficient production and marketing processes. At the same time, there are a whole series of outside (or as our theorists love to call them "exogenous") forces which can and on occasion do introduce elements of change or uncertainty which must be considered.

So we need to recognize that there is a difference between market information and services which will operate adequately and efficiently within a wholly customary or a static framework and the kind of informational activities which might be of most assistance in a dynamic situation, where there are constant endeavors to introduce new methods or products, and where the outcome of the consequent struggle often cannot be clearly predicted.



In one way I suppose this conflict defines the difference between the salesman and the professional economist. But if we trace back the origin of these marketing workshops we will find ourselves fairly soon looking at the fourteen or so objectives of the Agricultural Marketing Act of 1946. These objectives clearly envision (a) a smoother working of our marketing system as we ordinarily think of it, (b) a gradual improvement in the efficiency of marketing agricultural products, measured in terms of lower handling, processing, and other costs intervening between farmers and consumers, and (c) activities which will maintain or preferably increase average per capita consumption of agricultural commodities or the end products derived therefrom, especially clothing and food. (The last two of these general categories or objectives, especially the (c) group, certainly take us into the dynamic field.)

One of the goals upon which all of us in America seem to be generally agreed is that we prefer to live in an "expanding economy," an economy where economic growth is not only a matter of an increasing population but equally, and I happen to think even more important, a rising standard of living. And I suspect that one of the main leads to this expanding economy is the endeavor of our business system to develop new products and to find markets not only for these new (or improved) products but for additional quantities of the older, better-established products both at home and abroad.

Turning now from some of the general theory underlying our marketing activities and these workshops, suppose we take a more orthodox look at the field of market information, dividing it for general purposes into information for producers, information for the trade, and information for consumers, with some reference to the content and conflicts within each field.

Information for farmers or producers of course includes crop and live-stock estimates and much of market news, along with analytical or interpretive work, especially agricultural outlook work. It seems to me that the need for this kind of information is well-recognized and that your discussions will in large part revolve around the problem as to how to more accurately estimate items now being covered, what new series might be useful, and how and when such information can be best disseminated and interpreted.

Some consideration of individual versus aggregate behavior is called for. Raw crop estimates and market data are of course useful not only to individual farmers and tradesmen but equally to organized groups of one kind or another and on occasion to Government in trying to arrive at decisions affecting average or aggregative behavior. Extension economists and others who are doing agricultural outlook work are often asked the question as to whether, if the recommendations which necessarily flow from their analyses or their factual materials were followed by all farmers or too many farmers, the economic situation and their recommendations would

not be reversed. This kind of conflict does raise some problems, but frankly they do not seem on the whole to me to be very difficult.

Our chief business in agricultural outlook and related work is to assist farmers and others to understand the economic relationship between supplies, prices, cost rates, probable changes in consumer demand, etc. The actual decisions are in the end made chiefly by individuals operating within our free enterprise framework. True, in cases of extreme stress (within our lifetime, in cases where we were faced with serious depression or war) the decision-making process may be substantially influenced by or through Government. In the first or usual case, the fact that each individual or set of individuals arrive at their own decisions allows us to do an efficient job of disseminating economic statistics and interpretations without swaying the whole body of decisions too far one way or another, at least as long as we remember that our job is chiefly an educational one.

And in situations of the second kind, where the decision should of course be made in terms of the public interest, there are as a rule sanctions of one kind or another which tend to distribute the cost or benefit of the aggregative decision on some kind of reasonably equitable basis as between the various individuals concerned.

Information for trade purposes includes much of the Market News material which is also very useful to producers, as well as a wide range of other market services of one kind or another, including among other things uniform grades and standards for agricultural commodities. Here again there are some differences or conflicts which need to be recognized. Very largely, the question here is one of when and under what conditions it becomes desirable that information and related marketing services be provided through some public agency, either State or Federal.

Traces of this conflict can still be found to some extent in the field of crop production and primary market price information which are still sometimes collected by private agencies. More often, however, the argument is whether trade statistics should be collected by trade associations or by public agencies, with the problem most often resolved in favor of a public agency because of the assurance that such information will be equally available to all parties concerned.

A similar conflict exists with respect to grades and standards, with some of the stronger, more successful concerns feeling that their own brand names and grading systems are not only adequate from the standpoint of the general public but also offer strong competitive advantages. Other concerns, however, including some equally strong, successful business agencies, favor uniform grades and standards. As a rule, the processing agencies are in favor of using their own brand names and standards while some of the large retailing establishments, especially chains, are strong supporters of State and Federal grading with the result that most of our grading and standardization activities are as a rule voluntary, the exception being those cases where it appears the public health is involved.



Your discussion of information for consumers leads into a new field. As a matter of fact, some of us are interested not only in information for consumers but equally in information about consumers, what they prefer, and the way they behave in the market.

Here again in this consumer field, you will of course find conflicts which need to be recognized. Farmers and marketing agencies are interested in how to sell more of the many products as well as the more general problem of maximizing their returns, preferably from both the short- and long-run viewpoint. Consumers on the other hand, although often interested in new products or more of old, established products, are nevertheless interested in buying as economically as possible. These conflicting interests are of course resolved through the marketing process with the consumer usually determining whether he will or will not buy a particular product, depending on his need, the keenness of his desire, and the prices asked.

With farm and trade groups interested from time to time in pushing sales of certain commodities as a means of easing their own particular problems, some of you who work directly with consumers may find this conflict personalized. We have, for example, a "Plentiful Foods" program where the U. S. Department of Agriculture and food trades try to highlight those foods which are in surplus or most plentiful supply. Meanwhile, home economists in an increasing number of cities are advising consumers as to best buys. To what extent does this best-buy type of work conflict with, or agree with, the Plentiful Foods program? Fortunately, in most cases the two move in the same direction since (a) plentiful supplies usually mean lower prices and (b) American consumers like a varied diet and most of our foods contribute not only toward satisfying consumer tastes but also toward maintaining or strengthening the nutritive level of the average diet.

In conclusion, what I have chiefly tried to do is outline the importance of market information as a part of our free enterprise system, to call attention to the fact that there is still room for further development in market information, and finally to suggest that we need to recognize the conflicts which exist within the marketing structure. The existence of such conflicts does not mean that the value of market information is limited. Rather, such conflicts simply condition the way in which certain of our services and activities can best be developed.

## ADEQUACY OF MARKETING RESEARCH

Frederick E. Cole, Extension Specialist in Fruit  
and Vegetable Marketing, Amherst, Massachusetts

Nearly every group of people who have met to develop a program of marketing education has spent at least a part of its time on the need for more marketing research. Many times the program building has run squarely into the block of inadequate information. To clear the way for program building, on the basis of available information, the Extension Marketing Committee in Massachusetts made the necessary effort to write out a statement of needs.

A discussion of marketing research may serve a similar purpose at this workshop. I hope, also, that the discussion will help to pave the way for more marketing research to be done.

I believe the marketing research is entirely inadequate to meet current needs for educational purposes. Such a statement does not take long to make and to make it is to repeat similar observations of other people.

To keep on making that simple statement is not enough, however, to inspire and facilitate needed research. It is necessary to go into the whys and whats, to make the statement convincing.

We can question whether or not the need for more research is realized by enough people to correct the inadequacy. Perhaps, the need is only realized by those who have been brought face to face with the realities of marketing, those who have searched the literature fruitlessly and those who have been thrown upon their own resources to carry on marketing education. If this is so, more specific statements of need should be prepared.

So, in this talk, attention is to be given to the present status of marketing research, to some of the whys, to some areas of need and to a few comments on availability and use of marketing research.

### Present Status

In any statement regarding the present status of marketing research, it is desirable to state that we are not unappreciative of the research now being done. Full recognition and full appreciation should be extended to those who have pioneered into various angles of marketing. Our purpose is to inspire and to facilitate. One way in which we can do that is to call attention to the wide use of the principles and methods which have thus far been developed.

Research in Maine, Connecticut, New York, New Jersey, the Appalachian States, Florida, Michigan, Colorado, California, and Washington comes to mind both as individual state work and in cooperation with several Federal Agencies. Federal inspiration and assistance is behind a great deal of it. All states would be included in a complete listing of work done.



The oldest marketing research is with commodities which are usually shipped to distant cities from areas of concentrated production. More recently, research has entered into the "nearby" marketing field for the commodities sold in many different ways within consuming areas.

A start has been made in marketing research. We congratulate the people and the institutions who are pioneering in this field. Results have proven so helpful that many people are looking hopefully into the future for more direct aid in marketing education.

It is my hope that those who are engaged in marketing research will consider this brief reference to their work for its intention rather than its detail. I have the feeling that they are behind me, pushing me on, for they are among those who realize how little has been done in comparison to what needs to be done.

A publication entitled "Farm Research", published at Cornell, carries a story in the July issue under a title "100 Years of Professional Entomology." Another publication from Massachusetts entitled "Research in Review" carries a story entitled "Massachusetts Celebrates 100 Years of Entomology." How revealing those titles are! And the battle goes on, even after 100 years of research!

Some of the early research work was with fertilizers, and with plant analysis, to find out something about plant nutrition. In Massachusetts, new dormitories stand on the plots where mulch, manure and the then new chemical fertilizers were first tried out, long, long ago. Questioning minds set to work in plant and animal breeding.

We hear, now, about the folklore used in marketing education. Even a brief reading of the record will show that we, in the 1950's are no different from those who pioneered in the field of production. They used folklore, too, until they had something better. That "something better" than folklore is the subject of this discussion.

Most of you look through the "Bibliography of Agriculture" each month to find a listing of a report of marketing research. You have been disappointed at finding so little help. The issue of June 1954 has 119 references, nine of which are in the field of marketing. It is encouraging to see a gradual increase in the number of projects reported. The proportion even in this issue, however, is 110 to 9.

The recent compilation of research projects by the USDA contained an encouraging but small proportion of projects on marketing.

Research is usually carried on to meet stated needs for information. Production research was needed. It was effectively carried on and continues as essential assistance to an essential industry, which is not in a position to do its own research, and, in the public welfare.

The Experiment Stations were established as educational institutions realized and stated their needs for information. In a world concerned about enough food, research was started in areas of production.

Many changes have taken place in agriculture since institutional research was started, however. Some of these changes are causing an increasing demand for marketing research. We hear less about farming as a way of life and a great deal more about farming as a business. Most of the farms are producing for sale, today, and these three words "producing for sale" are very significant. I believe that we can correctly add five more words that are also significant--producing for sale in a highly competitive market.

In just forty years, there have been two great wars--periods of intense need for production--and a period of rapid development of transportation, refrigeration, communication, and merchandizing. There is a different combination of circumstances today that is placing a different emphasis on research needs.

We have some new problems. Research work has been so successful that research is now accepted as the organized systematic method of problem solving. There is a general demand for marketing information through research before adequate marketing research is in a position to provide the kind of guidance needed in today's situation.

It is not hard to trace the developments which have led to present marketing difficulties and it is not long since Willard A. Munson, recently retired Director of Extension in Massachusetts, was the Director of Markets in Massachusetts and trying to replace three nails with parchment paper as a means of holding two stalks of celery in a bunch!

For every operation in production, there is another operation in marketing in an era of production for sale in a competitive market. The marketing research has just really started and is obviously inadequate to meet the demand.

### Why Marketing Research

Why do we need marketing research today, when we have gotten along with very little so long?

The answer is plain. Getting food to the consumer, as more and more of them live and work in the cities, has become a difficult and costly operation. It has become necessary to consider the commodities from farmer to consumer in order to have a business which will provide a satisfactory income. Many producers are engaged in new operations. Old operations need to be reexamined and streamlined to meet today's requirements of speed and quality conservation.



It is not enough now to deliver a good product to the front gate of the farm. The product must be followed through to the consumer, if the consumer is to be willing to pay enough to make production worth while.

The cost of production and marketing has risen to be such a large proportion of the gross returns that relatively small differences in marketing amount to large proportions of the net income to producers. A reference to the proportions of cash cost to gross return and farm capitalization since 1910 as reported in Cornell studies furnishes evidence on this point. It was not long ago that the cash cost of production was relatively low. There was a substantial margin which provided labor income. Today, in my area at least, it is not uncommon to have a cash cost of operation equal to or greater than the capitalization of the farm. Now a grower spends in hard money the equivalent of the entire farm valuation in the production of one crop. In the early New York records a farmer spent only one-fifteenth of his capitalization for his yearly production. The annual risk is greater now and requires the protection of more skilful marketing.

With greater dependence upon small margins in a high cash cost business, the need for improved marketing has become as essential as improved production. It is the selling half of the business.

Farmers need the added returns from improved marketing in order to make a living; costs need to be kept as low as possible, and values to the consumer must be kept high to have a sound business.

It is not my desire to get into a discussion of what marketing is. I shall merely state my own concept. Marketing is that part of the entire operation of growing and selling a commodity which takes place after the product becomes salable. Marketing research would also cover that part of the entire operation.

#### Areas of Needed Research

Some of the support of recent marketing work arises from an expressed desire to increase the farmer's share of the consumer's dollar. I do not intend to question that motive, I do feel, however, that with consumers wanting smaller packages and more pre-kitchen preparation of food--more total service with the food--that there is little chance to increase the farmer's share of the consumer's dollar for products sold through the regular and established trade channels. The farmer's assumption of one or more of the marketing functions as a means of increasing his share of the consumer's dollar is another angle of the problem. The in-between costs of labor and materials are increasing. A holding operation is well considered, however, in order to secure every bit of efficiency that it is possible to secure.

Because it is necessary that farmers sell as much of what they grow as possible, for as much money as the product will stand in today's competitive markets, there are outstanding areas of need in marketing research.

### Reduction of Waste

One is the reduction of waste at every point. Waste occurs through carelessness, inadequate packaging, inadequate supervision, awkward handling facilities, unsatisfactory loading, exposures to heat and cold, unnecessary delays and other causes. Many of these wastes can be reduced to the advantage of all concerned. It is essential that these places of waste be spotted and studied, recommendations developed for avoiding the waste, and the information taken to those who can effect the reductions in the regular course of business.

### Conservation of Quality

Another area of needed research is the conservation of quality. It is necessary for a product to have a high value at point of final sale in order to make the production and handling worth while. This area of marketing research includes careful and fast handling, cooling in all of its applications, protective packaging, protective display and consumer education in handling to have the greatest value of products get through to the person or persons who will use them. Only then will the risk of production and handling be reduced to a tolerable point.

### Consumer Remarks

Effective selling depends upon supplying consumers with what they want, when they want it, and in a form which meets their desires. In order to sell products effectively it is necessary to know as much as possible what consumer needs and desires are from time to time. Here is a field which is indeed challenging, for it appears that we have to read the consumer's mind even before she has made it up. But the tooling and processing operation to meet consumers' desires for quantity and package is considerable. The estimate of consumer demand is essential.

### Techniques of Selling

Consumer unit packaging is causing far-flung changes. Convenience and sanitation are, apparently, the ruling factors in the package demand. Considerable change has occurred in recent years which is also associated with the changes in the operation and layout of retail stores. Polyethylene and cellophane seem to have taken over. Yet, at an advertising clinic held in New York City this summer, the conclusion was reported from rather extensive tests that contrasts on texture and color were the factors most important in getting consumer attention. Texture first and color second, according to studies reported. The changes in packaging so far adopted are presenting consumers with a smooth, soft plastic film from one end of the produce counter to the other which cancels out, to some extent at least, the natural effectiveness of texture and color in fruits and vegetables. There is more work to be done here. The outstanding results of Dr. Brunk's group in packaging apples may have been in part due to the combination of bulk and package not only because the the display said, "These apples were put up from this supply," but because



full use was made of a variation in texture and color in the display. A contrast in size was there, too.

The above illustration indicates a field which might be called the technique of selling which is a wide field indeed for marketing research with reference as to who is going to do the packaging as well as to requirements and methods.

### Market Facilities

Market facilities present a problem in the changing food business that requires attention. The development of supermarkets with their quantity buying, the development of the service wholesaler who takes the city market to the back door of the retail store, impending changes in wholesale buying, f.o.b., shipping point with the aid of television and other modern methods of communication, the traffic congestion in the cities, and improved truck transportation are all having their effect on the established wholesale markets. Who can say what the city market will be like at even as close a date as 1975? The careful analysis of these city facilities together with a reappraisal is already late. The information is needed today from research which is likely to take several years after it is started.

### Price Reporting

Wholesale prices have been reported for some time at the point between assembly and distribution, as a convenient place for reporting. These wholesale or "first sale" prices were considered to be accurate reflections, or at least useful reflections, of the values placed upon the commodities by those who USED them. There is reason to believe that wholesale prices of at least some items are varying too much because of a number of factors which make them incorrect reflections of use value. These unrealistic variations involve too great a risk for producers. This means, to me at least, that the time when retail prices will be used and depended upon to reflect market value is not far away. The development of the methods of retail price reporting must be studied extensively and intensively. An historic base will be invaluable. It is already later than we think in this whole matter of price reporting. Some expert and diligent research needs to be applied to this very important field as soon as it is possible to do so.

Adjustments in the method of reporting wholesale prices also seem to be in order. A little trial in country point pricing made by Fitzpatrick in Massachusetts appears to have signal merit, in that it may be pointing to a way of reporting with future possibilities. Egg reporting "on the other side of the first receiver" is a recent change in Boston. Accurate price reporting, reliable price reporting, dependable price reporting is essential. Marketing research is needed in this field.

### Farm Business Management

The fundamental changes which are taking place in the high cash cost-lower margin area are also making related changes in farm management. I hear a more interested response to a farm business management approach than to the traditional farm management discussion. That may sound like heresay to the farm management people, but today it is small margins on gross returns that furnish the labor income on many farms. I am having more success in entering on a farm business analysis, when necessary to evaluate possibilities of investment in equipment and facilities, by asking three direct questions: What did you sell? How did you sell it? What did you get for it? There is an important carry-over from marketing into farm planning that should be fully recognized and utilized. Marketing research from the standpoint of farm business management is an area which needs attention. As more and more of our production for sale and as the proportion of cash costs increases, the business management of an enterprise becomes more important.

### Business Management in Distribution

The operations between the farmer and the consumer have business management problems, too. If counsel is to be given to handlers, processors, and retailers, the sound business practices have to be known and understood.

A dog trainer gave as the first essential for the training of a dog, that the trainer had to be smarter than the dog.

The modification of present practices and the adoption of new practices must be within the realm of good business management.

There is a great deal in the field of good business management already proven in other lines of business. It should not be necessary for agriculture to rediscover and reprove those fundamental business principles. Workers in agriculture can secure a great deal of help from the general field of business operation. The necessary know-how for the application of these principles and methods in the field of agricultural marketing constitutes an area of needed research.

### Many Skills Required

For every operation in production there is an opposite number in marketing. The task of marketing research can be considered to be as great as if present research facilities were all engaged in marketing research, and we were starting out to do production research. Economists, physical and biological scientists, engineers and specialists in the many marketing operations are needed to do the research which might be outlined on the basis of what we know today.



# Massachusetts Statement of Needs

The statement of needed research by the Massachusetts Extension Marketing Committee included a wide variety of topics which illustrate the general areas and specialized personnel required. Some idea of the priority of the several projects can be indicated by referring to groupings of the original statement made by a Research Marketing Committee appointed by Dean Sieling. This Research Marketing Committee included five heads of departments, representing fourteen in the school of Agriculture and Horticulture in Massachusetts, as the department heads "originate" the research projects. Five groups of proposed projects were the result of their discussions. The project titles are abbreviated.

- Group I      Methods of Cooling
- Group II     Costs of Cooling  
              Chemical Washes  
              Consumer Unit Packages
- Group III    Good Buys Versus Best Buys  
              Handling Techniques by Growers  
              Shelf Life  
              Production Response to Price  
              Road-side Markets
- Group IV     Fowl Market  
              Food Packages  
              Efficiency of Farm Marketing  
              Local Auctions  
              Central Packing  
              Statistics in Marketing  
              Retail Price Relationships  
              Standards of Quality  
              Consumer Acceptance  
              Methods of Consumer Education
- Group V      Market Preferences  
              Methods of Selling  
              Supply Surveys  
              Psychological Reaction to Price  
              Food Buying Habits  
              Food Preferences  
              Estimation of Spending Power and Demand  
              Cross Elasticities  
              Slaughter Cattle Market  
              Price Forecasting  
              Consumer Response to Promotions  
              Product Analyses

Other groups would present different lists with other priorities. In each case the list would be a long one. Priorities have to be established not only from the standpoint of funds but also from the standpoint of capable and interested people to carry on the research.

### Personnel

Any discussion concerning the adequacy of marketing research would be incomplete without reference to the development of trained personnel. Funds can provide incentives. The training needs to be started with incoming freshmen and on the basis of a long-range program. Courses in basic economics need to be supplemented with realistic courses in specific marketing fields. The departments of agricultural economics have a very important function in the development of this training. The adaptation of curricula to the requirements of present day marketing needs to be pressed, as changes in this area are apt to be somewhat slow. The question of what comes first, jobs or students, has already been settled. The jobs are here. We need the students.

### Availability of Research Findings

One can hardly think of marketing without thinking of change. Such is the pace of today's market world. The necessity for speed becomes a barking dog at the heels of research workers. In some instances this necessity for speed relates to an urgency for a basic principle, and in other cases it relates to the rapidity with which changes in marketing operations have to be made to keep up with changes in the market situation. Changes in earned incomes affect the consumer buying mood and willingness to spend. Innovations change whole marketing procedures.

We can hope that the basic behavior patterns of consumers as a whole or in groups or communities will be spelled out in order, so that better analyses can be made so that short term actions of consumers may be anticipated.

We can hope that current changes in buying and selling patterns in the wholesale market can be benchmarked for rate of deviation.

This matter of change and speed has special meaning in the field of marketing research.

This does not mean that sound methods of research have to be sacrificed to less satisfactory methods.

I believe that it does mean, if we are to proceed most fruitfully, that:

1. Advantageous techniques for doing marketing research will be readily available.
2. Research workers and administrators will be well informed of research work elsewhere.



3. Team work will receive adequate consideration.
4. Unnecessary duplication will be avoided.
5. Research results will be made known promptly.

Considerable progress can be anticipated in the techniques of marketing research, techniques which will permit the sound analysis of the dynamic factors in marketing and that will permit the sounding of human behavior under different circumstances and conditions. It is essential that these techniques be made available for all to use according to their problem and their resources. Such a course of action can be taken for granted in any organized systematic approach characteristic of good research, but it probably does no harm to mention it.

An annual listing of research work being carried on would assist materially in the selection of projects in the several states and provide a basis for estimating progress in the field. Such listings are available in some states, but they are apparently not available for groups of states. Such listings ought to be possible within the realm of good neighborliness and in the interest of better marketing.

The regional approach to research is paving the way for good teamwork between states and between the Federal agencies and the states. Examples of excellent teamwork within states will encourage others to use the team approach, especially where several skills are required for a comprehensive approach to a problem. Teamwork requires a high degree of friendly cooperation that is not at all beyond the reach of research workers.

There is necessity of duplication and there are satisfactions which come about from the repeated demonstration of basic principles. It is only the wasteful duplication that needs to be carefully avoided.

Much of the research work is done by people who are striving for promotion, recognition and degrees. It is necessary that the interests of these people be protected and that all possible encouragement be given to them. It is also true that financial support is largely from public funds and that the results should be made available as soon as possible. It seems that delays in reporting of six months to a year until degree time or the release date of a printed bulletin are unnecessary. Newer methods of printing, a spirit of service and an active system of communication ought to provide prompt availability of research results. Well planned group meetings on a problem or commodity basis together with a good liaison activity would prove to be valuable.

The availability of research findings refers not only to other research workers but to the extension and instruction divisions of our colleges as well. It is possible that research work already completed is not well enough known and understood for maximum utilization. This also is a problem for administrators and workers which may be solved by prompt listings, group meetings and active liaison.

### Summary

The adequacy of marketing research is a topic which can and should be examined at frequent intervals. The direction of effort of many people similarly engaged is of prime concern.

Substantial changes in demand, facilities and methods of marketing in recent years have brought about a combination of circumstances to require much more attention to marketing by producers, handlers, and consumers than was previously necessary.

Many years of production research have led to an acceptance of research as an organized systematic method of problem solving. Today there is a demand for results from marketing research that far exceeds the supply.

The magnitude of the task can be appreciated by the realization that every production operation has a counterpart in marketing, the selling half of the entire production-selling operation.

The high cash cost-low margin predicament of much production-for-sale in a highly competitive market is necessitating many changes in marketing procedures.

Attention to the reduction of waste, conservation of quality, packaging, handling, selling, and over-all business management is a requirement from farmer to consumer.

Market facilities and price reporting need to be studied and reappraised in view of changes already in effect and pending.

The discovery of human behavior patterns as an aid in the appraisal of demand is essential.

Priorities for research work will have to be determined on the basis of both funds and capable interested personnel. The training of people to do marketing research is an important phase of planning marketing research.

Marketing research, to be most fruitful, will have advantageous techniques readily available, good team work, workers well informed of other research projects, little wasteful duplication, and results promptly available to research, instruction and extension personnel.

Marketing research is inadequate to meet current need in marketing education and of the people engaged in the business of selling and agricultural production. However, an excellent beginning has been made which has enhanced the demand for practical guidance in marketing. The people and institutions carrying out marketing research are to be sincerely congratulated for excellent pioneering in a difficult field. Because of their effort, we can all hope for high yields from marketing research in the years ahead. It will be possible to work from the general to the specific as the work progresses.



Presentations at General Session  
Friday Morning, August 27, 1954

PANEL: THE ROLE OF VARIOUS AGENCIES IN MARKET INFORMATION

(The panel consisted of S. R. Newell, Bushrod W. Allin, John A. Winfield, and Frances Scudder.)

1. AGRICULTURAL ESTIMATES

S. R. Newell, Director  
Agricultural Estimates Division  
Agricultural Marketing Service, USDA

I have a friend who is frequently referred to as a high-powered salesman. In fact, he is what seems to be called in the trade a freelance, or independent operator. Such a man, I find, has progressed beyond what we would ordinarily think of as a salesman to what we might more properly classify as a market analyst, or consultant in the broad field of marketing and distribution. I have had lunch with him on two or three occasions recently to discuss a marketing problem which had been put up to him for solution. Very briefly, the problem was one of a firm which had found itself suddenly confronted with a buyers' market, and merchandising was becoming a more critical problem than it had been since the war period. He was supposed to advise this firm on the steps necessary to increase the sales and distribution of its product. Now there's one thing which I find most salesmen dislike more than anything else, that is, he develops a beautiful sales and promotional campaign only to find that the product cannot be supplied or that deliveries are delayed. I was, therefore, very much interested in the fact that in outlining his problem he started off by stating that the information on current production was very inadequate and, furthermore, that during the past year or so stocks had seemed to pile up at various points throughout the country, so that no one seemed to know, with any degree of accuracy, the amount of the commodity available or where it was located. Until this could be determined with reasonable accuracy he indicated he was practically hogtied in trying to develop any intelligent plans. We went on to discuss a number of other things such as competing supplies and alternative products, prices, and a lot of other things. In every instance we came back to that all-important question of "How much have I got to sell and where is it?"

Now I have a very short time to put over this portion of the program, so I'd like to start out by outlining very briefly some of the steps and some of the information needed if we were starting out to develop a marketing plan or make a marketing study. For this purpose I'm going to have in mind an actual case that was put up to us by a State apple association. You can call it New York, Michigan, Virginia, or the State of Washington; it makes very little difference. As a matter of fact, you might think about some other products as I go through this outline. Just so you can think about any commodity you want to, we will first



start out by defining the commodity. So our first heading here will be "Characteristics of the Commodity." Under this, of course, you will want to know first what it is--is it a perishable or nonperishable; second, whether it's a high-cost unit, or low-cost; third, the form of the commodity--is it one that requires processing, like wheat, for example, or is it like the apples I'm thinking of--subject to immediate consumption or processing? There are many more subheadings we might put into this category, but for the sake of brevity we'll drop this part of our outline here and assume that we have adequately defined the product we are going to deal with.

Now we will start out by listing some other things we have to know about it in order to make our analysis. Just as my industrialist friend pointed out, the first thing we have to know is the total supply. The total supply consists of production, stocks, imports and exports. Stocks, of course, will increase or decrease in importance as the characteristic of the commodity which we are studying. But let's come back to production. Is it sufficient just to know the total production of apples, or whatever commodity you have set up in your mind? Well, it's necessary, but it's hardly adequate for a comprehensive study. We first would want to know the pattern of production, that is, where it is produced, and we would certainly want a historical series. We would have to break down our production figures then to regions, States, areas within the State, and things of that sort because we would certainly need to know the degree of concentration. Are we dealing with one small concentrated area of production, or is our production scattered all over the United States in many areas? Then we should know the number of producers involved because your marketing problem is certainly going to be different if you are dealing with a relatively small number of producers than if you have to deal with thousands of producers. We would need to know, next, something about the average size of the producer units; and, third, we would have to look into the marketing channels that are usually followed, that is, how the commodity moves to market. If it is to be of most use, it should be predicated on what we can reasonably expect to develop at least in the next few years. So, we would have a historical and current picture of our production pattern.

Now the next topic I've called "Characteristics." Under that I've included such things as the time it takes to get into production. Are we dealing with a thing like apples where it requires five years to bring trees into bearing and then continue to produce for many years after, or are we dealing with an annual crop? Of course, you recognize that this is a very basic consideration in any economic analysis. Next, we want to know about varieties because with apples, as with many other agricultural commodities, there can be great variation in the use for various varieties. For example, you think of a McIntosh apple as a dessert apple for eating out of hand--although it does make good applesauce, I might add. On the other hand, Rome Beauties are the "king of the bakers," as we used to say. At any rate, we need to know quite a lot about the subproducts. Now let's leave this section here. This would cover the historical development of the pattern of production, volume, and how it looks as of, let us say, today.

Next, we should take up the question of current production, or prospective immediate forecast of production. Here we would first want to know (1) the total volume of prospective production and (2) the characteristics of the production. First, of course, we would come to the matter of variety and, second, the pattern of current prospective production, that is, we would need to compare the forecast with the historical pattern to see what variations might exist in the year or season immediately ahead. Next, we would want to know the character of the season--is it early or late; what time will the crop be harvested; when will harvesting start; when will the peak be reached; and how long will it continue? Then we would have to consider the location of the current production in relation to markets.

Now we would want to turn to the analysis of certain markets, and here you would need a considerable amount of information on specific market supplies. How does the total supply orient itself around that market? This, of course, would tie back to the discussion on usual market channels. In this case we might assume for a market like New York City we would want to know the records of total receipts or unloads of our commodity at New York. We would need to collect information on varieties and quality of the commodity in market place. We would have to find out about the seasonality of marketings or receipts. This will do for the outline, but I might say that this would be necessary in a number of markets which you would have to decide for your study.

Not let's look over here at this other part of our total supply--stocks. First of all, we would want to know how the stocks are held over a wide area. That is, in apples we would want to know the stocks of apples in each area or State. We would need this information several times during the season. We would need to know the cold storage holdings and the volume held in common storage. We would have to have these statistics by location throughout the country. Second, we would want to know the kinds of varieties in storage and, if possible, the quality. Next we would want some statistics on the kind of packages in which they were held. Of course, if it were apples, it would usually be boxes or possibly bushel baskets. In some other commodities, such as frozen foods, you would be extremely interested in knowing whether they were in one-pound consumer packages or in larger containers--the principal outlets for which would be the restaurants or hotel trade. There are all kinds of variations in these statistics as the commodity which you are studying varies. Now if your study turns to individual markets, you would also want these same statistics for the individual market which you had under study, as well as giving special attention to the holdings and markets adjacent to, or within quick access of, your individual market. Of course, there is a lot of other information which might be of great significance but for our kind of work it is pretty difficult to get; that is, are the storage stocks in strong or weak hands? Details of that sort would be important in an analysis of the immediate situation.



Now let's leave the production--not that I have completed the subject, but our time is short and we need to move on to another category of information necessary for our market analysis or planning.

Next, we turn to prices. And here we quickly decide we need a lot of different kinds of prices. First of all, there is the farm price. This series is most useful in studying trends and over-all supply-price relationships. But we need more than just a national average price. Here again we run into the problem of getting prices by regions, States, areas within the States, or possibly even county prices for some specific problems. Then we should be able to break down our price series by varieties, and a further refinement is frequently necessary showing the prices by method of sale, that is, whether the price is for package goods or bulk. The prices for fresh consumption or processing would be important. I should like to point out here that supply-price studies at this point may not be just the thing that the traffic manager of an association would find most useful, but in a broader sense they are frequently some of the most significant studies that need to be made. The results will frequently point up the real marketing problems confronting the producer. For example, it may point out that we are overdoing the production of, let us say, McIntosh or Delicious and neglecting the production of other varieties. Studies of this sort in some commodities in the last year or so have shown very clearly that the problem confronting a particular industry was not primarily one of marketing, but one of producing the wrong kinds of varieties of a commodity to obtain the highest market price. Studies in this area are also the guides for many policy decisions that have to rest on longer time factors than the immediate market reactions.

Our next heading will be "Market Prices." Here we find the necessity for a similar variety of price information. First, we might list the shipping point prices--the prices close to the producing area. Next, of course, we need to get information on our central market prices. And third, we would need retail prices. I might say at this point, that retail price information is one of the principal deficiencies in our price series of many commodities at the present time. Again, in each of these series that I have mentioned, we should have a breakdown of the prices by variety and grade and a price by or for the type of use, that is, whether the commodity is going for fresh consumption or processing. Now, of course, I realize that I have not completely exhausted this area either, but I believe I have covered the principal basic information that we would have to have to get into an analysis.

Now, I just want to add one or two other topics--mostly to let you know that I haven't overlooked them. First, is competing commodities. Of course, we would have to decide what they are and then we would have to have information on total supply and prices, similar to what we have listed for the commodities which we have under study.



Now, just to protect myself a little bit, I want to say that I recognize there are a lot of other kinds of information that I neither have the space nor the time to list. There is the important question of the freight rate structure, both historically and current. There is the information on a whole host of marketing costs and how they have changed over time, which you would certainly have to have for a comprehensive market analysis. I think I'm safe in saying, however, that none of these additional lines of information which I have indicated here in broad topical headings would be of most use unless we had the basic, or can I say first-line, information which I have outlined previously. And to be fair about it, I don't think the basic information would be of maximum use unless we could supplement it by some of these other lines of information. But I am up here to say a few words primarily on "The Role of Agricultural Estimates in Market Information." With this outline before you I think I can make my speech now in just about one short paragraph.

Look back at the outline: Where do we get information on the fundamental things which we will all admit--I think we will all admit-- we have to have in order to start on any market analysis necessary to the formulation of any plan for improving markets? Start right back here at the first and go through the outline. (At this point we should indicate each one of the outline headings that Agricultural Estimates provides.) Next, if we want to dramatize this just a little bit, let me show you what would happen to this outline if we didn't have Agricultural Estimates' reports. (Now pick off of the flannel board all of those headings which Agricultural Estimates provides, and we have a skimpy line of information left.) Gentlemen, that's the role of Agricultural Estimates in market information. Many of you may have the idea that the information supplied by the Crop Reporting Board is confined to reports that are behind those locked doors and sealed windows that are spoken of so often. As a matter of fact, the Crop Reporting Board in the course of a year releases approximately 500 reports; that's an average of nearly two reports per working day. In addition, the State offices, particularly those States cooperating with State departments of agriculture or other State agencies, release a large number of other reports which are of primary interest to the particular State concerned. The Agricultural Estimates Division was the first division of the Department to provide marketing services. The first report was issued in 1841, 113 years ago, and the series of reports on major crops and livestock have been continuous since 1862. This is the 92nd year. Now I don't want to be boastful, but after all a fellow who doesn't think his outfit is pretty good should find himself another job. I personally think that if you would pull Agricultural Estimates out of the marketing picture, the whole marketing system of this country would become chaotic, and all your other marketing research and analysis would come down in shambles like the temple when Sampson pulled down the two supporting pillars.

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## 2. MARKET ANALYSIS AND OUTLOOK

Bushrod W. Allin  
Chairman, Outlook and Situation Board  
Agricultural Marketing Service, USDA

Outlook work is market analysis. It is a very specific activity carried on cooperatively by the Department of Agriculture and the Land-Grant Colleges for the purpose of forecasting the demand for and supply of farm products, and of translating these forecasts into forecasts of prices and income.

Forecasting is anticipating the future in order to guide present action. If any meaning is to be extracted from past and current trends, their extension into forecasts of the future is inescapable. Building upon the data assembled by Agricultural Estimates as foundation stones, and taking into account relevant data from other sources, commodity analysts of the Agricultural Marketing Service (formerly of the Bureau of Agricultural Economics) undertake to tie their interpretations of the present situation to the expected future. As all of you know, these interpretations are published periodically in a series of "Situation" reports, including the "Demand and Price Situation," the "Livestock and Meat Situation," the "Dairy Situation," the "Wheat Situation," etc. How far do they go? Of what use are they? How can they be made more useful? My comments will be a very brief effort to throw some light on these three questions.

Obviously, this work falls far short of covering the whole field of market analysis. For one thing, the reports of the Department deal primarily with national aggregates and leave to others much of the problem of taking account of regional, state, and local variations. Moreover, the interpretations stop short of "taking sides" in public policy issues. The Crop and Livestock Reports let the facts "speak for themselves," but the Situation Reports interpret the facts, discussing the reasons for trends and indicating probable trends in the future.

The analysis of the facts presented in the Crop and Livestock and Situation Reports provide objective and authoritative general guides for all other agricultural market analysis. Any livestock market analyst, for example, who ignores the national interpretations of Nordquist and Breimyer does so at his own peril. And, any effective analyst of national farm income will rely heavily upon the work of Koffsky, Grove, and Stauber. It is not too much to say that their work and that of the commodity analysts of the Agricultural Marketing Service provide the basic quantitative guidelines for public opinion generally with respect to both the agricultural outlook and agricultural policy. The thinking of every agricultural legislator, educator, journalist or trade analyst is in some measure affected by the outlook work of the Department of Agriculture. Ultimately, therefore, the thinking of every thinking person in the United States is affected by it.



To claim such all-pervasive influence for outlook work and to identify it as market analysis, is not to imply that it is either the acme of perfection or that the Nation could hardly exist without the specific mechanics by which the work is currently conducted. It is rather to assert that the function is unavoidable. If the data required for reasonably good forecasting were not provided by a government agency, some kind of data would be provided by private agencies, and some kind of forecasts would be made. It is my own personal opinion that without government participation in this process the farm people of the country would be less well served in dealing with their marketing and production problems, and statesmen would be less well guided in formulating and executing national policy.

Despite the progress that has been made in the cooperative Federal-State agricultural estimating service and outlook analysis, a very great deal remains to be done. We have succeeded, for example, in making our analysis of the livestock situation and outlook more useful than our work with vegetables. The principal reasons are: (1) Most of our work is directed toward the intermediate rather than the short-term outlook, (2) the livestock production cycle is longer than for vegetables and lends itself better to so-called equilibrium analysis, and (3) there are many more different kinds of vegetables than there are kinds of livestock, and less manpower has been assigned to vegetable analysis than to livestock. This means that generalizations about the vegetable situation and outlook are often more general and therefore less helpful. This weakness will be partially corrected by a more intensive effort with respect to vegetables.

The Agricultural Marketing Service makes periodic checks on the accuracy of its forecasts. On the whole, the record is pretty good, but some mistakes are made because the future is uncertain even when judged in the light of the best possible analysis. On the other hand, a study of the forecasting record reveals gaps in available basic information which, if filled, would help to improve the accuracy of forecasts. For example, important errors in cattle forecasts occurred in 1952 and 1953 when the extent of increase in cattle slaughter and reduction in prices were underestimated. Additional basic data would have helped to improve these forecasts.

Breimyer and Nordquist suggest that one improvement in the method of forecasting cattle slaughter would be to develop "a progressive balance sheet, or physical flow chart of inventories in which calves of one year would be carried forward as yearlings the next year and as mature cattle the third year. Each year some of the supply would be drained off into slaughter. Finding the factors governing the rate of slaughter for each class each year is probably the key to better forecasts of cattle slaughter by classes and of total slaughter." 1/

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1/ A more complete review of this method is found in Harold F. Breimyer's, "100 Million Cattle - A review of Projections and Methods of Making Them," statement of July 26, 1954. Agricultural Marketing Service, USDA.



The additional annual data needed for maintaining such a progressive balance sheet include:

1. Mid-year reports from farmers and ranchers concerning the calf crop. Data on the number of calves raised each year are now made available only about May 1 of the succeeding year. Plans are under way for a mid-year report on the United States calf crop, and funds have been provided for it. Quarterly reporting of the calf crop has already been started in a few North Central States.
2. Mid-year intentions of farmers and ranchers to retain breeding stock. This informative report might be successfully attached to the planned mid-year calf crop survey.
3. A breakdown of the January 1 inventory of "other" calves into male and female.
4. A breakdown of slaughter data from non-inspected slaughter by sex class, or at least show the number of cows separately. This would not entail an additional survey, as a question could be added to the present monthly questionnaire sent to non-inspected slaughterers. It would involve extra time and expense in tabulating returns.
5. Death loss in "milk" versus "other" cattle. These figures would help in formulating balance sheets of cattle numbers by class.

Also, the following seasonal data would be helpful:

1. Reports of farmers' intentions to market cattle. Intentions two months in advance are now reported in Iowa. Reports of intentions for 3 months, by class of cattle, are being initiated in Illinois. It is hoped that this activity can be extended to other States.
2. Quarterly reports of cattle on feed. These statements showing movement and detailed inventories of cattle on feed are now issued for 5 states. Funds have been provided to extend them to most remaining Corn Belt States and to Colorado, Arizona, and Texas.

Possibilities for improving the forecasts of cattle slaughter are discussed here for illustrative purposes only. Other possibilities exist not only with respect to other aspects of livestock changes but also concerning other commodities. The Agricultural Marketing Service is constantly trying to improve basic data, and is carrying on a continuing research project designed to improve the analytical use for outlook work. In the absence of all these possible improvements we do the best we can with what we have.

The question of just how refined our methods should be always involves the economic question of whether the resulting additional accuracy of forecast is worth the additional cost. Such questions can often be answered only by experience.

Originally, outlook work was intended primarily as a guide for the individual farmer in making his own individual marketing and production decisions. With the advent of government programs for adjustment, stabilization, and marketing it has become an indispensable guide to those activities. Much progress has been made in accomplishing the original purpose. One of many excellent illustrations of that progress can be found in the recent bulletin by John C. Doneth of Michigan State College in which he relates trends in agricultural production and prices to individual farm management decisions in a particular type-of-farming area. <sup>1/</sup> While recognizing the fact that much work of this general character yet remains to be done, it is important to remember that the farmer's marketing problems cannot be solved by individual action alone, even in the light of the best possible economic information.

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<sup>1/</sup> Farming Today, bulletin A. Ec. 536, published by Michigan State College, East Lansing, Michigan, 1954.

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### 3. MARKET NEWS

John A. Winfield

Director, Division of Markets

North Carolina State Department of Agriculture

Mr. Chairman and Fellow Workers in this Year's National Marketing Workshop:

To those of you in attendance for the first time, I might add that the term "fellow workers" will take on significant meaning by Friday, September 3, and that you will have cause to remember the names Barney Joy and Max Brunk for the working over they have in store for you. There will be this consolation, however, when we finish -- we will know that it took more out of them than it did out of us.

It is a pleasure to have an opportunity to present the case for the Market News Service on this panel today. First, because I have been closely connected with this Service for some fifteen years, and second, because I have found the Service to be one of the most satisfactory tools in the field of marketing. It is my feeling that the Market News Service has a great deal to offer Research and Extension personnel. I think the Service has the potential of providing greater benefits to administrators and others responsible for inspection, grading, and regulatory programs in agriculture. The Service also needs help in the form of critical studies, and suggestions from related agencies, if it is to grow in usefulness.

The Market News Service is generally called the "hot potato" in the field of market information. You might illustrate the fast moving nature of the Service by pointing out that if a market news man fails to get this morning's price on a specific commodity at an assembly market to producers, so that these producers will have an opportunity to do some selling before the day's trading is over, he is like a trouper failing to go on for a show. The information he obtains must be accurate, must be representative of the commodity changing hands whether the transaction is at the market place or on the farm. This information must be prepared in brief, specific terms and furnished newspapers, radio and television stations, and other communication facilities at a specific time each market day. It must be simple enough for the wayfaring man to understand, and so accurate that the professional handler must have it, in many instances, before major decisions to buy or sell are made. The professional trader will spend sizeable amounts of money to receive market news information on receiving or terminal markets provided, of course, this information is unavailable through Federal or State sources.

The "hurry up" nature of the Service might be best illustrated by the Baltimore livestock markets. This particular market is of primary interest to hog handlers on the Eastern Seaboard and throughout large areas in the Southeast. In most instances, the market is Chicago plus freight



to Baltimore. However, trading very seldom starts on the market until the trend in prices is established in Chicago and this information arrives and is posted in the yards at Baltimore.

The same thing happens at many of the small terminal livestock yards in the country and practically all assembly markets. The same illustration applies not only to hogs but to many agricultural commodities, and this happens even though a great volume of agricultural products by-pass the so-called terminal markets.

It is fascinating to me to see the day's market take shape, particularly on perishable products. I know that before the market is made that practically every handler of agricultural products has a daily source for receiving market news information and that many producers also have certain sources that they count on for daily market information. Many of the users of this information have no idea that the market news man is in the market place interviewing traders, and using practically all sources of communication, to find an answer to -- What is today's market? He weeds out false impressions, and furnishes the basic information that starts the day-to-day movement of agricultural commodities toward end users. The actual daily price received by producers at a specific market or the price per unit paid a producer's representative at the market is the first consideration of the Service.

The Service also has the responsibility of finding out why a commodity changed hands in certain markets at a specific price. This work is intangible and would most certainly be regarded as a job of a specialized agricultural economist. The market news man, however, wants to know why this specific price existed at the time it existed and wants to get this information out so that traders and producers selling on the day this specific price existed will have the opportunity to trade provided they desire to do so.

It is needless for me to tell you that no single individual is capable of finding an answer to the question of why a specific price for a commodity was thus and so at 8:00 a.m. in Chicago or Juniper Junction today. The market news man feels that the information he receives and prepares for distribution is more worthwhile provided he knows as much as possible about the movement of a particular commodity toward consuming centers and when this movement will arrive. He tries to report in carlot equivalent today's shipments. He also reports arrivals on specific markets, if possible. When rail shipments accounted for the bulk of perishable commodities moving toward markets, the market news man had access to the kind of information that made his reports reasonably accurate on the movement of specific commodities. With these figures and time schedules, he could in most cases anticipate today's arrivals at specific or consuming centers.

Since the movement of perishables by truck has become greater than by rail, and indications point toward further increases, he has no dependable, simple and quick check on this movement. His estimates of movement are not as accurate as he would like for them to be -- or that the

trade has come to expect. I mention this for your consideration and request your help, not in begging funds, but in working out a simple system if possible to more adequately cover the truck movement of perishables from producing areas to consuming centers. The market research man can help with this problem. It is specific -- we must improvise a system that will determine the volume of specific commodities moving out, when they begin to move, and this information must be generally available before the product reaches destination. I am confident the problem will be solved or partially solved within a reasonable length of time, but the solution can be found more quickly provided research and marketing experts begin assisting the Market News Service in its solution as quickly as possible.

If I were to offer a suggestion, or give the market news man's friendly criticism of those of us posing as marketing specialists in the various branches of Government, I believe he would say we are too far away from the market place to know the importance of little things in determining the actual price at which a commodity changes hands. The market news man is there day after day and is impressed by price changes that come about during the day because of "little things."

The market news man, like the trader, studies crop reports, economic analyses, weather conditions, transportation changes. To be a good market news man, this is a must. But what happened in the market place yesterday and what is expected to happen tomorrow is incidental. Today is his day -- a deadline must be met.

The Service came into existence with the growth of our consuming centers and better transportation facilities. Private industry first provided the Service and still does in many fields. There was a feeling, however, that the service was limited to only a few under this private system, and that it would be beneficial to all, if made available by governmental agencies to the public or that part of the public interested in buying and selling agricultural commodities. The first appropriation was made in 1913, and the U. S. Department of Agriculture started the Service in 1915.

In 1950 Congress, because of requests from many areas of the country for more market news information, directed the U. S. Department of Agriculture to submit with its 1951 request for appropriations a plan for securing uniformity in local contributions toward the expense of the Service. This was done in a bulletin entitled "Program for Development of the Market News Service." This study attempted to find out what was being done in market news throughout the country. It has been helpful as a basis for working out cooperative market news agreements between the States and the U. S. Department of Agriculture, and, in my opinion, has been partially responsible for many of the States' accepting responsibility for expanding the service to take care of some purely local problems rather than continuing to try to "pass the buck" to the U. S. Department of Agriculture. The study recommended a plan based on two objectives and I quote:



"(1) Means for meeting deficiencies in the current Service. This includes improvement in market news currently provided to farmers and others, improvement in the methods and timing of the dissemination, needed extension of coverage to areas, commodities, and types of marketing data not now provided.

"(2) A three-fold financing arrangement consisting of:

Category I - Primary information of national or broad regional marketing significance to be financed from Federal funds. This category of basic minimum service would be maintained whether or not States were interested in participating.

Category II - Information of secondary marketing significance nationally but of substantial regional and local significance to be financed by Federal and State funds on a matching basis ranging from a maximum of 75% to a minimum of 25% of Federal or State funds.

Category III - Information primarily of localized significance to be financed by funds from within the States."

I would recommend this bulletin for your consideration if you feel a need for more adequate service in your State or for changes that will improve the Service anywhere along the line.

There is also another bulletin, reprinted from Miscellaneous Publication No. 703 and labeled, "The Market News Service." This bulletin takes the commodity approach, but offers some general historical information, and describes the leased wire system. Some of the contributors to this publication are here today. We might refer some questions to them later on.

Many States maintain in cooperation with the U. S. Department of Agriculture full-time market news programs which furnish fairly complete coverage of the major commodities produced and marketed in the State. Some States are operating "tril run" programs in market news on a temporary basis, and are receiving some financial help under Title II of the Agricultural Marketing Act of 1946. If these programs prove beneficial to sizeable numbers of producers and handlers, I am confident the program or parts of the program will continue -- because day-to-day market news information is second only to weather information in radio listener appeal with farm people. You realize its importance when you attempt to discontinue daily or weekly reports, and the wrath of those using the Service descends on the reporter.



In summary -- (1) The Market News Service seeks first to make available to producers and traders specific day-to-day prices and other information that facilitates trading; (2) All sources of communication, public and private, are used in disseminating market news information; (3) The Service offers a great deal to related agencies, particularly in the marketing field; (4) The Service is a valuable tool in marketing that needs constant improvement; and (5) This improvement will be stepped up with help in the form of critical studies and suggestions from related agencies and others responsible for improving our agricultural marketing system.

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#### 4. CONSUMER EDUCATION

Frances Scudder

Director, Division of Home Economics Programs  
Federal Extension Service, USDA

In the short time we have, perhaps it will be profitable to raise five commonly asked questions. They cannot be elaborately nor fully treated. It is the hope that they may provoke further questions and continuing discussion. The discussion is also limited to marketing information concerning food. The questions:

1. What is marketing education for consumers?

a. ". . . . . dealing with buying and utilization of agricultural products by ultimate consumers." 1/

(1) Buying

What is on the local market now

What is the local supply situation--as peaches, beef, eggs

What is over-all supply situation--to anticipate timely or quantity buying

What are the alternatives for the shopper--supply, quality

How does the shopper recognize quality--value

What do marketing services contribute

(2) Utilization

What is the place of each food in the diet

What is the recommended care of items from the store until they are consumed

What cooking or preserving processes are recommended in relation to food value, flavor, appearance

What use is recommended for various grades, varieties, or qualities of various items as peaches, beef, eggs; new items; items in heavy supply

b. Information needs to be presented from shopper's point of interest; in his language. It often needs to be localized. Technical reports often need to be interpreted.

c. There is also need to get consumer reaction, need or problem to the handler or the producer.

d. Program can lead to interest in and study of marketing services, understanding the market system, and what makes price.

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1/ Committee report, Extension Administrative Conference on Expanding Marketing Educational Program. May 21 to 27, 1954. Federal Extension Service, U. S. Department of Agriculture.

- e. Such a program can help adapt demand to change in supply thus reducing fluctuations in price by encouraging greater consumption of products in heavy supply.

2. What does the urban consumer want to know? 1/

- a. The kind of things they used to find out from the farmer, the grocer or the butcher:

- (1) What is on the market (his market. Current and long-time supply)
- (2) Is it "any good" (Quality, source, production, processing)
- (3) Is this a good time to buy (seasonality not known. Home freezers keep supply. Some quantity buying if storage space)
- (4) How can I pick out the best of what's there? (selection)
- (5) How do I "fix" it (meat, vegetables, new items)
- (6) Why should I buy it (money value, now or not until next year)

- b. The facts research provides:

- (1) How are food items interchangeable nutritionally as-- tomatoes, cabbage, citrus; meat, poultry, fish, eggs
- (2) What services am I getting, what do they add, what do they cost

(The trade can add valuable observations on consumer reactions and preferences.)

3. What is the marketing educational job with the consumer?

- a. To assemble information, interpret information and disseminate information in order to increase his knowledge, improve his skill, or change his attitude about food items he buys

- (1) Increase knowledge by

Providing accurate description of supply to consumers or to those who influence large numbers of consumers (editors, commentators, retailers)  
Disseminating such information widely  
Providing opportunity for consumers to study market services and the marketing system.

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1/ Opinion only. Based on the questions which consumers ask some home economists.



- (2) Improve shopper's skills in selection, home care, and appropriate use of food items; in avoiding waste and spoilage in the home; in becoming a better purchasing agent for the family.
- (3) Change attitudes by bringing the shopper's preconceived ideas of food values, food supply, and price factors up-to-date.
- b. It can result in dollar savings to producer and consumer. It can improve the nutritional quality and consumer satisfaction for food bought.
- c. It includes providing source materials and training staff.
- 4. What are the source materials and backing needed?
  - a. Knowledge of consumers and their problems
  - b. Knowledge of marketing problems
  - c. Knowledge on availability and price of food items from:
    - (1) Local sources: oral reports of producers, handlers, retailers; city or regional market reports
    - (2) State reports: State Departments of Agriculture, State Agricultural Colleges and Experiment Stations.
    - (3) National government reports: USDA (39 listed in Handbook for extension workers), Bureau of Labor Statistics, Department of Commerce, Department of the Interior
    - (4) Trade and producer sources
  - d. Advice and counsel of growers, trade, consumers, disseminators
  - e. Recognition by entire staff or interrelation of marketing and other phases of extension program and of value in cooperating to provide more satisfactory programs for producers, handlers and consumers
  - f. Recognition of continuing need for research
- 5. What is the relationship between the consumer education job in marketing and the other areas of consumer education?

Good teaching in any field includes analysis of a problem, and consideration of possible solutions. Among the possible solutions for many home problems is home production, or purchase of needed items.

Consumer education thus is an integral part of many phases of Home Economics, and should be taught as such, the food marketing specialist having a contribution to make. Conversely, these many phases of Home Economics bear relation to marketing education and should be used to enrich the marketing education program. Nutrition, health, and economics are the most quickly recognized, but family values and human relationships; storage space and work space; shopping time and cooking time--are all involved in the solution of day-to-day marketing problems of consumers and should not be overlooked. Coordination and cooperation of many specialties are essential and need to be planned.

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Presentation at General Session  
Friday Afternoon, August 27

WHAT INFORMATION DO FARMERS WANT AND USE?

Stanley Andrews, Director  
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For the purpose of trying to answer the question posed in the subject assigned to me on this program today, I shall draw upon several studies which have been made by the United States Department of Agriculture and various States on the Market News Service. Notably, these are the Iowa, Ohio, South Dakota, and the broiler market news studies in the Shenandoah Valley and the broiler area of North Carolina. Most of you, no doubt, are familiar with these studies.

For a little further excursion into the dissemination of market information and what use farmers make of it, I hope you will pardon a few personal references growing out of several years on a farm which sold hogs, cattle, poultry and milk, and cotton; several years with a cotton cooperative, and quite a number of years in the publishing business closely associated with the dissemination of market reports and information through radio, farm papers and newspapers.

I think we can agree in the very beginning that facilities for exposure of farm families to market reports are not a problem to worry about. With 99 percent of the farm families of the nation owning one or more radios or television sets; with better than 80 percent subscribing to some sort of farm publication or newspaper which carries market information; with more than 1,200 radio stations, large and small, broadcasting market news; and with more than 1,700 newspapers and periodicals totaling some 50 million circulation, carrying various parts of market news daily, plus the slew of private market reviews and commission house and cooperative publications, I do not think the exposure opportunity need be considered. Perhaps we should go a little deeper and try to find out why the exposure is not taking better.

Market information is merely one of the many services which our U. S. Department of Agriculture provides in the long trail of a product from the farm gate to the table of the ultimate consumer. It is not the main force in the process. It is probably not the collar or the hames, or the traces for a horse-drawn market service. It is not the hitch or the gasoline or the throttle on a tractor operation. We might call it the backband on the horse-drawn rig and a sort of temperature gauge on a tractor rig.

This service does perform an essential and important task in the processes of a free market. We approach, I assume, a free market system in this country. I take it that the prime function of market information,



and the excuse our Government has for performing these free services, is to "arm the individual farmer" with information on the day-to-day value of his crop, thus to increase his bargaining power with the middleman or other buyer. I have found that no matter whether a farmer belongs to a cooperative which normally performs a marketing service for him and reports the price received later; whether he contracts his products in forward selling, or whether he is an individual seller of a small lot in a street market or auction he is always vitally interested in the price of his products. He wants to know what people paid or were willing to pay at a given place or time for the thing he produced.

Since the broader aspects of marketing, including the long range and seasonal outlooks, have been well covered in this program, what follows will center largely around the day-to-day market information gathered by the state and Federal market agencies and disseminated over the country. I shall perhaps stress the necessity of some agency, either Federal, state government or institutional taking responsibility for the localizing and short range trend aspects of these quotations.

As I see the picture, there are about seven distinct groups vitally concerned with the market quotations of a given product as it moves from the farm. The first, of course, is the farmer himself. He is the man most concerned because only if he secures from the market place returns for his products which will enable him to pay his bills and carry on his business can we expect the farmer to continue to produce the goods which our nation and the world needs and must have.

The next man in line is the local buyer or middleman, or perhaps I should say middlemen. In some lines like cotton and livestock there is often a whole string of them before the quantity of a given product represents a car lot concentration. Next is the primary processor. That may be a cotton gin, a tobacco warehouse, a canning plant, a poultry dressing plant, a milk cooling station, creamery, a local elevator or what have you, depending on the product.

After that comes the fellow who puts the final finish on the product before it goes into the general distribution. Depending again on the product, this can mean another whole string of services, the manufacturer or finisher, the warehouse, the grocery or cloth broker, the wholesale distributor and finally the retailer and then the consumer. All of these people, the consumer I suppose least of all, take an interest in the market price from the time the product leaves the farm until it hits the table or the wardrobe of the consumer. My own observation is that the two least informed people in this whole string of services and transactions as to the market value of the product handled are the farmer who produced the product and the consumer who pays the last price for it. If we read the basic acts which originally set up these market services in the U. S. Department of Agriculture and the debates in Congress which supported and passed the legislation, these services were originally primarily directed at the very persons who now seem to be the least directly touched by them.

Counting two studies on local broiler markets, state and Federal agencies have made about seven surveys on market information. While there seemed to be no common pattern or objective in the several different studies, it is quite remarkable that a general study of these seven surveys, all in different parts of the United States and largely seeking answers to different questions, shows about the same general strengths and weaknesses in our marketing information setup. Since weaker points would seem to be the thing we should try to correct, I will relate the five or six common weaknesses which ran through all of these reports, from the standpoint of both the collection and the dissemination of the information.

1. Market news received by farmers over their radios, through their newspapers and other local media was not specific enough, either as to price range or quantities of a given product sold at the top or bottom prices. Steps to correct this deficiency on poultry quotations in the Michigan survey were taken immediately after this was discovered. Now there is a median or common quotation which covers the bulk of the poultry moving on that day. This has proved to be a much more realistic quotation and has lessened the confusion where merely a top or bottom price is given.
2. Most farmers were unable to translate the central market quotations into what their product should bring locally. Since a majority of all farm products is sold in a local market, localized quotations were considered vital to the practical use of the central news by the producer. There was little real understanding of market difficulties based on location.
3. There was a need for trend information in local and central day-to-day reports--some basis for assessing movements of supply and prices.
4. Terms used in describing market fluctuations meant very little to producers. The words "light and heavy" to describe runs, prices up 25 cents or down a certain figure, meant very little unless some figure or base was quoted as the starting point. Farmers do not have time to look up a newspaper or put down yesterday's or last week's quotations. The very nomenclature used to describe a given situation in a market, while perhaps meaningful to the commercial market man watching the market all the time, meant very little to the average producer.
5. There was too much emphasis on distant market quotations and none on the local markets. Too many reports on radio and in newspapers gave only one market report.
6. Publishing or broadcasting "futures quotations" was of little use to producers--many did not even understand the term.



7. Space given and type used in newspapers, and the listless and uninspired reading of the market reports on radio and television, left the listener with the impression that this was some routine task of little importance that had to be performed; hence, they considered such material of little value also.

In spite of the above general viewpoints gleaned from these seven surveys, Neilson's studies on what farmers want from their farm radio programs ranks general, national and state news first; market reports second; and weather third. Talks about farm problems and how to farm ranked down to five. With these generalizations on what farmers feel our present system of market information reporting lacks, let's see what these same surveys showed that farmers liked and used in the present reports, plus a few additional services they would like to have.

The Michigan, Ohio and Iowa surveys revealed that the hog market was by far, more than 80 percent as a matter of fact, the most sought by farmers. The radio market report ranked first with more than half of all producers interviewed. The daily newspaper ranked second and the state and farm magazines ranked third as the place where producers sought market information on hogs.

The county agent, local cooperative, commission house reports, vocational agriculture teachers, local buyers and the telephone ranked on down the line, with the telephone being the fourth most used facility.

There was a much lesser emphasis on cattle in all three states, with practically no dependence on central market reports for butter, eggs, poultry and general produce. In the highly specialized fruit, vegetable and broiler areas of Michigan, North Carolina and Virginia there was very high interest in the daily local quotations during the market season.

Wheat market reports ranked a good third in interest in Iowa and Ohio, with strong demand for quotations from more than one market center.

On both grain and livestock in all three states the producers wanted the local or nearest grain and hog markets given first with a more general review of the central markets of the Middle West. Such a review, the Ohio survey indicated, should be part of any local report. The survey indicated producers listened to the radio station or read the newspaper which came nearest to giving this sort of information.

Most producers felt that a minimum of at least three market news broadcasts should be given by any station purporting to give market news--early morning, mid-day and afternoon close. Two broadcasts daily are minimum requirements. There was little interest in a six o'clock or later report.

Eighty percent of the Ohio farmers and nearly 60 percent of the Iowa farmers asked for specific information on trends. They also wanted an



opinion or an estimate of the effect of such trends. The futures market quotation in grain, eggs, corn and other traded farm products, if given at all, should be accompanied by the cash grain quotation for that day. More than 60 percent of all producers in the three Midwestern states and in the two broiler areas wanted actual prices and actual receipts quoted, with base points if possible. The words "moderately up or down, steady and active" meant different things to different people, so much so that they were actually meaningless. Eighteen percent of all the farmers interviewed in the Ohio report had some suggestions to make on improving the market reports. They are as follows:

Thirty-eight per cent said time of the Ohio broadcasts should be changed but did not say when. Twenty-three per cent said local markets should be reported; 21 per cent wanted more accuracy and more specific data in the reports; 9 percent wanted more outlook information; 7 percent wanted an explanation of the grades of livestock if they were going to be used in the market reports.

About 40 per cent of the Ohio farmers consulted about three sources of market information before they decided to sell; 49 per cent looked at the bulletin board at the local elevator; 47 per cent looked up quotations in the daily newspaper on wheat, corn or soybeans; 31 per cent got the report from the radio.

Three general reasons were given by farmers for selecting a particular station or newspaper or other source of market information:

Forty-two per cent listed quality of the report as their choice of a particular station or publication.

Thirty-one per cent listed the personality of the reporter and the relation of newspaper or other publications to the community. For instance, in Michigan there was a very direct correlation between the local news in a newspaper, how it is handled and the interest of the publication in the community, and the extent the publication was looked to for market news of a local or regional nature.

Nineteen per cent listed the time of the broadcast in determining whether they listened to this or that station.

In every case in all of the surveys, farmers wanted discounts quoted and explained.

So, there is the story as revealed by these surveys. It is well to remember that these surveys were in areas and states where a great deal of effort had been made to develop adequate market news services to meet specific problems. Iowa perhaps has the most elaborate system of reporting of markets of any state in the Union. In many states the Federal Market News as reported from the central markets is the only market information available. There is a distinct dropping off of interest and effectiveness in such areas. There are great areas of the United States,

especially in the West, where whole sections must depend entirely on central market reports and those briefly stated by radio or printed in six point type in the corner of a newspaper.

On the West Coast the State of Oregon has developed a very effective local reporting market service. It is widely listened to by producers in that area primarily because it stems from the Oregon College of Agriculture. It deals with local West Coast markets and there is a fairly comprehensive but simplified interpretation of the markets by the extension and college economists.

The State of Alabama has developed in cooperation with the Federal Service an effective market reporting system. There is a state hook-up of radio stations twice daily with the national market presented along with localized reports from each station area. This brings the market down to the area where the average farmer actually turns his products over to the market. It thus bridges this important gap between the central market quotations and the actual paying price in the local market. We haven't time to go into how this Alabama service was developed but we should say that it started by a wide-awake PMA marketing specialist cooperating in the training program of veterans in agriculture under the GI Bill. These fellows, when they got an idea of what sound market information could mean to them in their farm operations, raised such a howl that the radio station and the state got busy to meet the needs. Alabama, incidentally, has regular courses in the adult vocational agriculture and high school classes on how to use market information effectively.

I have repeatedly said, and I stand on it until somebody knocks me off, that market information, the basic national and world economic factors affecting the individual farmer and his enterprise, is a dead-end street of communications. Yet, I sincerely believe that what happens in the realm of agricultural policy and trade in this country and abroad over the next twenty-five years will have more to do with how the farmer and his family make out on the farm than whether they can produce another extra quart of milk or a bushel of wheat or what have you. I think we have pretty well licked the production techniques and how to get them across. We have not even touched the management and over-all economic factors which must come into play in modern agriculture at the time the farmer plants his crop, not some history a year later.

I'm straying afield a little from where I started in this talk--what farmers use and want in market news. Now for a few personal experiences in this sector.

In 1935 I assisted the cotton cooperatives of the South to establish a national cotton magazine directed to their some 300,000 members. Since the field was well served with how-to farm magazines and we wanted to make this publication a little more than something to toot the horn of the cooperatives, we decided to give it a strong economic and



management formula. We reported markets and marketing factually and bluntly without hedging. We secured the services of a writer for one of the better Washington newsletters to send us 1,000 words each month on the very latest on policies and economic factors affecting agriculture as viewed from Washington. Though the advertisers said quite eloquently that this was not a farm magazine, cotton producers seemed to like it and surveys showed these market and policy articles had the biggest pull in the magazine. In recent years nearly all of the big national farm magazines have a Washington page or column usually dealing with policy and basic economic matters affecting agriculture. I was talking to the editor of one of these magazines the other day who had advised me forcefully against trying economics in a cotton magazine. He admitted that this popularly written economic and market material ranks high now in readership surveys in his magazine.

For several years in the early thirties I operated a radio station in Little Rock, Arkansas. In an agricultural state it was natural that a lot of our programs were beamed at the farm family. One of our features was the daily cotton, oil seed, feed, livestock and poultry market reports. We had then no central markets in Arkansas and the New Orleans cotton futures, the St. Louis livestock and poultry markets and the Memphis oil seed market meant very little to the chap in Conway, Arkansas, who wanted to sell a bale of cotton or livestock or poultry. In the beginning, I had no way of gathering livestock markets information from the larger state auctions where most livestock was sold and I had less luck with the cotton market. Since I could not tell them what such products were selling for at a given point in Arkansas on a given day, by the simple application of trade and market or location differentials to principal market points in Arkansas I was able to state pretty accurately what a bale of cotton or a steer of a given grade or a case of eggs should be worth at the principal concentration points in Arkansas. It took a little more time but it was not long until my station was one of the most listened to stations in the state. I caught holy hell from some of the traders in those local markets but the farmers who had things to sell swore by the station. I believe, by using a little imagination and effort, our little station performed a worthwhile service for our farm folks. What is more, they helped our station to become one of the good ones in Arkansas.

There is a newspaper up in Michigan whose farm editor formerly worked for PMA. He devotes two full columns to agricultural market news in that paper every day and nearly a full page review on Sunday. That paper has 30,000 RFD subscribers. The management thinks this market service is the prime factor in developing that much farmer circulation. That market news page would never jump with interest if this chap lazily dropped in that page each day the dry figures of the market reports from the central market. In the first place, he gives agricultural markets the same importance and dignity which other parts of the paper attach to the industrial stock market. He writes an interpretative lead and then he makes these figures live in local terms.



One more illustration. I had lunch the other day with the representative of a large advertising agency which buys advertising space on radio stations. His first question of a station management before placing a contract is "Have you a farm radio director?" The next is "Do you report weather and market news on regular schedule?" Unless these two requirements are met the station is not considered a good medium for farm advertising.

These are merely straws in the wind on how the fellow on the other side of the picture views this business of market information which we are dealing with here today. He knows that proper market information is bread and butter to the producer. We know it too. We also know that we are shooting in the air and hoping somebody will dig around and scratch and find something useful in what we put out. We are not tailoring our efforts to meet specific needs of farmers who are busy with a whole series of things in this business of making a living on the farm. If taxpayers are to pay for this effort then it should be developed in a direction to where it becomes effective with the least possible effort and trouble on the part of the ultimate user of it.

No country in the world spends as much money and effort on gathering tomes of information and data for what we hope will be of service to the farmer than does the United States. Too often we go through all of this--the gathering, the tabulation, the telegraph tolls and clacking and pushing of machines only to flub the ball with the very person we are hoping to serve--the producer. We can do better. We at NPAC are willing to join with Government, radio and the newspapers, and we must do better.

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Presentation at General Session  
Saturday Morning, August 28

WHAT MARKETING INFORMATION DOES THE CONSUMER WANT AND USE?  
or

WHAT AND WHY DOES MRS. MURPHY BUY?

Harriet Jean Anderson  
Director, Home Economics Section  
American Can Company  
New York City

Mrs. Murphy is a mighty important woman to the food industry today. She's Mona Lisa in the flesh. Just as for centuries art lovers have tried to interpret and analyze that beauty's provocative eyes and tantalizing smile, so today we find manufacturers, advertising men, salesmen, merchandising men, promotion men, public relations men, brokers, wholesalers, retailers -- all concentrating on the Mysterious Mrs. Murphy! What is she REALLY LIKE? What does she REALLY feel? WHAT will she buy? WHY will she buy it? Will she come back for MORE?

Let's take a look at the Mrs. Murphys across the country. More females have gotten themselves married in recent years than ever before. Getting down to figures, 67 percent of all American females over fourteen years are now married, against 60 percent in 1940, to quote from the Fortune Magazine series, "The Changing American Market." Most surprising of all, statistics show one-third of all girls between 16 and 19 are married.

Chances are Mrs. Murphy is doing one of two things. She probably is working outside the home -- there are nearly 11 million Mrs. Murphys so employed. By the way, this is the first time in the history of our country that the number of married women working is higher than that of single women -- this year the spinsters add to approximately 9 million.

Or, Mrs. Murphy may be staying home having one baby after another. In fact, Mrs. Murphy has thrown the statisticians into a perfect tizzy. In 1937, she began to pick up the birth rate. She took a big spurt during the war years. Then the population experts thought she would relax and settle down. But, no she didn't. It's estimated that our Mrs. Murphys' total production this year will be four million babies. That means that she's not stopping at having two children, no siree, she's hitting for a basketball team -- five children are not at all unusual -- or maybe a baseball nine.

Mrs. Murphy is thus transforming the American market. There are, for example, 61 percent more children under five than there were in 1941, and 45 percent more between five and ten. Manufacturers of children's foods, play equipment, and clothing are feeling the hot wave of demand. This baby production is raising hob with the building industry. Mrs. Murphy won't buy a house that doesn't have at least three bedrooms or attic space that can be converted into sleeping or playroom areas.



And the Murphy family never had it so good! All in all, 58 percent of family units today have a real income of \$3,000 to \$10,000 against 29 percent in 1929. The Murphys belong to one class in the 1950's too. Although the income range may be fairly wide between families, they buy about the same things -- the same staples, the same appliances, the same cars, the same furniture, the same recreation.

Today Mrs. Murphy living on a farm is just as well informed, just as sophisticated, just as well dressed and has probably more appliances to relieve her household tasks when compared to her cousin Mrs. Murphy living in the city. Back in 1929, 60 percent of Americans lived in big cities or on farms. This year nearly 60 percent live in suburbs or small towns. The automobile, airplane, radio, television, and women's magazines have made a composite woman of Mrs. Murphy.

From the marketing angle, we find that more than half of our entire population lives in 168 metropolitan areas, accounting for almost two-thirds of the retail volume and about nine-tenths of the wholesale volume of the nation. Experts point out that this is largely due to the colossal migration of families to the suburbs -- an increase of 17 million people since 1947. (We've had a total increase in population of 15 million persons since that year.)

So it's high time that we all took a good look at the Murphys in Suburbia. They are setting the styles for living . . . and for mass buying. Sun-suits, hard-tops, culottes, dungarees, vodka martinis, outdoor barbecues, functional furniture, picture windows, costume jewelry, heat-and-serve foods are skyrocketing in sales.

The Murphys today are better educated -- two-fifths of the adult population today have a high-school education or better as compared with about a fourth in 1940. Mrs. Murphy today is not only smart but has enough income so she can buy more in the way of frills, novelties, and variations in products.

We might divide Mrs. Murphy's family spending into three main divisions: (1) non-durables -- food, clothing, tobacco, gas, oil, etc. -- which mounts up to more than half the family income; (2) services -- housing and household operation, recreation, personal services, etc., accounting for about a third; and (3) durable goods -- autos, furniture, furnishings -- which take the rest.

In evaluating Mrs. Murphy and her family for the rest of my time this morning, I'd like to talk about her food purchases and the meals she serves her family and friends.

If Mrs. Murphy fits into the average mold, she is spending 26 percent of her cash income on food. This is up 5 percent from what she did in 1941. In fact, that year \$20,000,000,000 was spent on food in America, this year the figure zooms to 60 billion.



Does that mean that Mrs. Murphy is buying more food than she did years ago for her family? You might think so looking at the price picture, but market researchers say "not so." Mrs. Murphy's family is eating better than ever before but no more in physical bulk. In fact, we're all eating within 2 pounds per capita of what we did in 1909 -- 1,578 pounds per capita in 1952.

Mrs. Murphy, however, is buying a different kind of food today. She's not buying so many carbohydrates, for one thing. Per capita consumption of flour and grain products is quoted as being off by 18 percent from 1941. Potatoes and sweet potatoes are off by 23 percent. But the Murphys' are big meat eaters. Meat, poultry, and fish purchases are up 9 percent. Eggs have flown to a 29 percent increase. Vegetables are up 5 and dairy products (including butter) are 10 percent higher.

Why has Mrs. Murphy changed her ways? Well, I think you extension experts can take a big bow here. The national diet is not only bigger and better since World War II but it's a lot healthier. Nutritional education is finally paying off. The direct contact that home demonstration agents, public health workers, teachers and home economists have had with the Murphys has contributed a great deal in encouraging Mrs. Murphy to practice better shopping and eating habits.

There are other reasons for better eating given by market researchers. Servicemen from all parts of the country learned to eat well-balanced, well-prepared foods in the army. They were introduced to new foods in foreign countries and in foreign restaurants here in America. Rationing over "scarce" foods became daily necessities. As the Murphys earned more money, they ate more steaks, fresh and frozen fruits, frozen vegetables and foods on the "specialty" shelves.

Doubtless the 20th Century will go down in history as the Chemistry Era and along with the "gay nineties," the "roaring twenties," the "depression thirties," the "baby-booming forties" and the "dieting fifties." Practically the entire Murphy family is going or about to go on a dieting binge -- all 30 million of 'em. That's the conservative estimate for this country of 160 million.

For years nutritionists and home economists have pounded away on one theme to the American family -- "We are what we eat." At last it seems to be sinking in. The campaigns waged by the Metropolitan Life Insurance Company and the American Medical Association are convincing people that though life may not begin at forty, it may very well be extended far beyond that age in a happy, healthy state if one's weight is kept normal.

The food industry, also, has done a tremendous job in this matter of getting people to eat better. Cooperating with the program of the Food and Nutrition Board of the National Research Council, we find countless food companies spending thousands of dollars yearly for booklets and

lesson plans for schools and colleges; leaflets and recipe folders for consumers. Advertising, too, points out the nutritional values of various foods ...though some of you may quarrel with this statement!

And true enough -- many food companies can be criticized today for lack of "nutrition integrity." We might also say that manufacturers of dietetic foods would do well to evaluate the soundness of saddling a food with a reducing pitch if it has no legitimate place in that category. Last year more than \$100 million was spent on dietetic foods alone -- there are nearly 100 canned dietetic products now on the market shelves. Food buyers at the Kroger Chain Store headquarters recently pointed out that the dietetic food future "would boom or bust within the next two years."

So . . . taking a quick look again at Mrs. Murphy in review, we see a woman who is working outside the home -- or taking care of children in the home. If she is an older woman she is involved with social or community activities and does a small amount of actual "homemaking." At any rate, Mrs. Murphy has more money than she's ever had before to spend. And she does spend more on food. Her big demand is for kitchen-free hours. Convenience and speed are her watch words.

Meals are as important in her thinking as they were in her mother's. But she plans them in terms of family appetite appeal, chooses quick and easy recipes, buys as many prepared, pre-packaged, pre-cooked and table-ready foods as she can afford. Very often economy takes second place in her thinking because time is money to her ... and she'd rather pay more for the food that is prepared for her than to take the kitchen time to do the preparation herself.

Mrs. Murphy entertains simply today. Not for her those long, drawn-out dinners of four courses and umpteen desserts of Grandma's day. Very likely this summer she has given her husband the best barbecue set she could afford and is busy building up his ego as the best chef in town. A barbecued bit of beef, some sauce to pour over it, a bowl of green salad, fruit and cheese - that's the pattern.

Come crisp autumn nights and the buffet table will replace the barbecue with the casserole as the pièce de résistance. Main course and a luscious dessert alternate in households with a simple first course, an entree of meat, vegetables and salad - and coffee. The tremendous sales of frozen TV dinners point to the fact that Mrs. Murphy has neither the strength nor the inclination to "fuss" the way her mother did over a hot stove.

But Mrs. Murphy has by no means lost the desire to create appetizing, attractive and wonderful tasting food. She is just as anxious to please her husband and children as Grandma ever was. What she is looking for - and willing to pay for - is cooking convenience. With all the preparation and drudgery of food done for her - she is free to use her imagination and creative ability in adding the finishing touches, the sauce, the seasoning, the dash of wine or flaming brandy, the pretty frosting.



Mrs. Murphy is a romantic creature. She adores pretty packages of food and gay colors on labels. She'll buy the soap powder that has color and perfume in preference to others -- as Proctor and Gamble recently found out. She'll try the new pie recipe -- and no doubt repeat it -- if the editor or advertiser has carefully pointed out to her ... "he'll love you for this."

Mrs. Murphy is entirely subjective. No common sense approach, so beloved by men, is going to sell her! A baby food company spent millions trying to convince Mamma Murphy that its products were sterile, nutritious, safe and high in quality. But sales zoomed when the tune was changed to "No more eating your heart out because Junior won't eat with this brand." That advertiser knew how she felt!

Mrs. Murphy has a health conscience. She prefers a cake mix that she adds milk and eggs to. She wants to know what is in a food product and what it will do for her family nutrition-wise. Look at the way she bought black-strap molasses and yogurt when she was sold on the ideas she would live longer, be more beautiful and desirable when she ate them daily.

Mrs. Murphy wants to be appreciated. She may have a slight sense of inadequacy. Food articles or advertising that conveys the feeling of "belonging" or approbation win her attention. If she can be led to believe she'll be the best hostess in town if she makes a cake a certain way -- she'll go ahead and make the try.

Mrs. Murphy has imagination. Words and pictures that make her saliva flow are going to influence her. Scientists and researchers can talk at length about nutrition instead of appetite appeal, but studies show that she is reached by a food message that appeals to her emotions and sensory associations. In bread surveys, the brand that came closest to evoking memories of "the soul-satisfying odor of bread as it came out of Mother's oven" or "the wonderful taste of that slice of bread with cinnamon and sugar that I used to get when I came home after school" was the one she bought.

Mrs. Murphy likes to invent. She loves to discover new uses for foods and products and tell her friends about her personal discoveries. Very often she prefers an idea for serving food to a detailed recipe. A menu stimulates her to start transposing the foods mentally onto the family table.

As to what market information Mrs. Murphy wants and uses -- that's a moot point. Television is making a terrific impact but even there, surveys show that women will buy a product and continue to buy it if they continue to view it on TV. Color TV promises to do wonders for food sales promotion.

It would seem to me that you people in the Extension Service would have a marvelous opportunity to increase the use of foods through educational



TV channels. In my travels across the country visiting TV and radio commentators, I would say, however, that the old-time cooking show type of program is getting to be old hat. Women who take the time to look at television want to be amused, NBC sales promotion managers say. The quick "rider" on the end of a soap opera gets the attention -- the "quickie" recipe, the new idea for combining foods, a pretty arrangement, a colorful decoration. The Home Show has gone from the gourmet type of approach in foods to the very basic -- even how to boil an egg and a potato.

The effectiveness of the so-called educational TV at Princeton put on by professors points to a whole new field for extension, I would believe. TV has the advantage over newspapers and magazines of bringing the personality right into the living room. With a "we want to help you" approach and "food is fun" theme much could be done to "move" surpluses.

Food editors, home economists in business, agency and public relations personnel -- all need desperately concise, up-to-the-minute information about food from the marketing angle to use as a source. Then they can use their own techniques for translating this information into food lure for Mrs. Murphy's attention. The Cornell Extension Marketing office in New York City has done a superb job in my opinion along this line. They have been a gold mine of solid, usable and authentic information. Their releases are readable, practical, and convenient. The notebook of food facts is invaluable.

The annual Food Editors Conference sponsored by the United Newspaper Association represents a powerful food media for "messages" to the public. It might be well to explore the possibilities of securing time on the program to present your story.

Very often food editors hesitate to present the "facts" on the food situation because they fear that it may prove to be too controversial or that they are not getting the whole story from the contacts they have at hand -- the coffee price soar is a good example in point.

Magazine editors need information on crop surpluses at least six months in advance, four at the minimum. But they welcome knowing about the agricultural outlook and all too many of them have little or no contacts or source material.

Every year the United Fruit Company has sponsored a so-called "Cookbook Conference" for all food writers and home economists in business. This year it is to be called the "Food Forum." Women come from all over the country seeking the very latest news on food -- it seems to me that here again, you have a powerful media source to explore.

Mrs. Murphy is still mysterious -- it's difficult to tell what she'll do and when she'll do it -- but get her on your side, make it interesting and fun -- and watch her cooperate!

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Presentation at General Session  
Saturday Afternoon, August 28

WHAT INFORMATION DO RETAILERS WANT AND USE

James L. Mahony, Executive Secretary  
N. H. Independent Food and Grocers' Association  
Manchester, New Hampshire

Introduction

The workshop program outlined here is truly an ambitious one that will keep you busy for many days. My part in it, I know, is just a small one, but we know that the topic assigned me is an important one--What Information Do Retailers Want and Use? It could be the key to success for most grocers if the educational program is arranged and carried out properly.

I would be remiss if I did not praise the Department of Agriculture and its many services for its efforts to create a progressive "team" on which play the producer, the wholesaler, the retailer, and the consumer. It is a "chain" in which one depends on the others, with Marketing Service the alert coach trying to pull all the elements together with advantages for all.

Speaking for the independent grocers of New Hampshire, permit me to say that the Department of Agriculture has been of considerable help in the past year, and we are grateful for that assistance. In particular we are grateful to the Extension Services of our state, because we have taken advantage of all the information and services available there. Their co-operation was so fruitful that I was prompted to write our Governor and tell him of the fine work done by your associates. His reply was so complimentary to the Service that I sent it right away to Director Larry Bevan.

I realize that it takes a lot of work by many branches of your services to help our grocers. For example, our State Department of Agriculture by providing information on grades and regulations, especially in relation to apple and potato grades. Then there are the contributions made by those unsung heroes--the research men who labor without reward. The work done at the University of Maine in determining improved ways of selling potatoes--the washing and sizing of potatoes and packaging them in poly bags--all of which offer a greater sales potential. Then there is the work done at Beltsville, Maryland, for the proper moisture and temperatures for storing and displaying fruits and vegetables, and at every school the name "Beltsville" is repeated many times. Here at Cornell, too, much work is accomplished in developing practices to help the sale of apples.

We are making use of all this information, but we can always use more.



Some improvements can be made, I think, in the distribution of information gathered by the services. They must be simplified. Some of the reports which I receive are very ponderous indeed, and very hard to understand. They must be very effective for some sources, but not at the retail level--and by that I mean the grocers themselves.

To understand the retail man--in this instance, the grocer--you must know what a grocer is. Who is he, what is he, how does he operate?

The independent grocer still dominates the field in selling food. The monstrous chains with their powerful financial structures have made tremendous strides, but the little fellow--the store on the corner, that is called the "Mama and Papa" store--still sells the most.

Just above those "Mama and Papa" stores are the superettes, then the super markets. Most of them work hard, from morning until night. Those that are big enough close at 6, but most of the independents stay open until 9, 10, 11, or 12. Competition is so keen that they need every bit of business.

Let me emphasize that grocers are more progressive today than ever before. As an illustration, one voluntary cooperative with 190 stores reported that 30 stores had remodeled and 28 were in the process of remodeling, all in a year.

As they grow progressive, the grocers want to know more about their goods. They want more information, better quality, greater cleanliness, improved merchandising methods--and that is just where your services come in. You are the main link in the big chain from producer to consumer. You are our common ground.

When better methods of growing crops are developed, we will look to you on how to use them. When there are better methods of merchandising fruits and vegetables, we will look to you for the methods to follow.

My chief purpose in coming here is to tell you what the Extension Services are doing for me, and how. Then I want to make a few suggestions, if you will bear with me.

First, about my own association and its work:

Perhaps the greatest good is the use we make of the so-called food column which is sent each week to all the daily and some of the weekly newspapers in New Hampshire. The only reason that prevents the remainder of the weeklies and the radio stations from getting the column is the limited facilities we have in the association office. However, we plan to purchase a ditto or mimeograph machine and send the column to all the weeklies, and perhaps a boiled-down version to the radio stations.

We have a little more than a half million people in our state. The eight daily newspapers which print the Weekly Food Column are read by



more than half the people of the state. I know for a certainty that it is widely read by the food buyers--the housewives who do the shopping. In my own city of Manchester I am told every week by at least one or two people that they saw my article in the newspaper and that it is very interesting to them. The same report comes from other cities.

Most of the newspapers carry my by-line and the name "Independent Food and Grocers' Association of N. H." While we had no previous intention of doing so, I suppose our column is just as helpful to the chain stores of the state because they naturally sell the same foods as the independents.

For those of you who are not familiar with the terms "independent" and "chain," allow me to say that an "independent grocer" is one who lives in the same city, or at least the same state. It is not "out-of-state" ownership. I would like to talk at length on the purpose of my organization, but I will forego that today. My purpose for being here is to bring a different message.

Now, where does the food column originate? In the office of Charles Eshbach of Boston. (New England Extension Services Marketing Information Program). He is Mr. Marketing Service, which in this case gathers data from the Boston markets and the Extension Services of all the New England states. When all the many surveys are completed, my good friend Charlie digests it into a several-page report, all of which is designed to sell plentiful foods, but part of which is condensed into a section called "On the Food Counters."

That is my particular section--"On the Food Counters." That brings a special message to the consumers of New England. In my ignorance of not knowing whether you all have the same type of report, let me explain it briefly.

The lead paragraph or two is a summary of conditions or weather, or some event that might affect crops. Then he takes up the list of vegetables, and lists them as "plentiful and good buys." A short paragraph is written about each vegetable.

I do change the setup somewhat to fit the requests of newspaper editors. I believe my 31 years as a reporter, managing editor and promotion manager of a large newspaper qualifies me to judge what is such an interesting column that an editor will be sure to use it. After the summarizing paragraph, I list in a paragraph the "Best Buys," then use one or two paragraphs about one or two of the vegetables--whether they are just coming to market, or whether a drought or too much dry weather has made them scarce.

The same style is used for fruits, for dairy products, for meats, and for fresh and frozen fish.

It is the type of column that is always welcomed by an editor. Anything about food is interesting to the housewife, and he knows it; and it is so written that if necessary at the last minute he can cut out some paragraphs, and still leave the article an interesting one.

Some of the newspapers run the column on a page reserved for food advertising, which is generally on Thursday. I do ask that the column be printed that day. However, one afternoon newspaper prints it on Wednesday afternoon in a double column spread as a feature on the Women's Page. It is very popular. In the state's largest newspaper it is also run on one of the Women's Pages, and generally the column, with its hints on good things to eat, finds its way next to the column on dieting. Well, that's a choice for the women.

Mr. Malcolm McCabe, Secretary of the Massachusetts Association of Retail Grocers, last week asked me to outline this food column to him because it sounded real interesting to him and I explained it briefly at a very enjoyable barbecue and corn roast. If he prepares a column similar to ours in New Hampshire, Charlie Eshbach can be assured that his very fine service will be read by two or three million more people.

Now for some other activities:

Our association sponsored between 35 and 40 regional meetings during the winter months, all designed to give the grocer more information on food supplies, ways of keeping them, and improved ways to merchandising them. Now I say that with a straight face--that our association sponsored the meetings. In fact, though, these meetings were the direct result of wonderful cooperation by the Cooperative Extension Service. Since none of my directors is here, nor any of my New Hampshire grocers, to take away the credit they have given me for these meetings, I might be very truthful and say that the meetings were mostly arranged by my good friends, Russell Underwood and Norman Whippen, aided and abetted by their director, Larry Bevan. My chief work was to send out post cards to members and publicity to the newspapers saying that the meetings were to take place under the sponsorship of the association with the cooperation of the Extension Service.

What kind of meetings did we hold? 1. - Fruit and vegetable schools in seven cities. In some cities, we conducted four sessions, in others, two. Lewis Norwood of the Boston Regional Office proved himself an expert in advising grocers on how to buy, how to take care of, how to display, and how to sell fruits and vegetables. Norman Whippen of New Hampshire's Extension Service explained the newest methods of prepacking, and also of displaying fruit and produce. And other members of the Extension staff, including home demonstration agents, cooperated in bringing valuable information to the retailer--information designed to aid him in selling more efficiently.



Before I explain the other types of meetings, let me tell just how the fruit and vegetable meetings were arranged. It will tell you at the same time how all the other schools and demonstrations are arranged throughout the state,

Mr. Whippen was the advance man. He visited the Chamber of Commerce, or talked to the county agent if there was one in the city, or he just inquired around until he found a hall in which the meeting could be held. In one or two places I did help in this work. Then he visited some of the members of our association to inform them of what he was doing, and to ask their advice. Then Mr. Whippen would go to the wholesaler. He had the complete cooperation of everyone.

So we come to meeting night. Lew Norwood had a supply of knives to handle the fruit and produce, and Norm Whippen had irons, paper trays, polyethylene bags, wrapping tissue and other paraphernalia needed to show his audience how to turn out a neat package of plums or bananas or steak.

Not all grocers benefit from these demonstrations. Some of them are just too smart to start with, and I wonder why they waste their time in attending. Others attend just in hopes that they will pick up just one new idea that will help them in merchandising from their fruit and produce department. This department, by the way, should be one of the more profitable ones in any store. If its volume drops below 12 percent, the owner should start looking for some good reason for the drop in sales. The department is not carrying its load.

Now let us go on to those other types of meetings for the grocer:

Back last February we had a series of seven meetings in as many areas of the state on "Income Tax Returns for Grocers." Again, Mr. Whippen arranged for the meetings. He also conferred with the Director of the Internal Revenue for New Hampshire, who agreed to have special agents at all the meetings, to explain in particular how grocers might take advantage of various phases of the tax law such as depreciation of equipment, trucks, social security, part-time employees, etc. I remember at the meeting in Manchester that a grocer who came from a small town just to listen, came up to me, all excited, and said that he had not claimed his son as a dependent because the boy was a part-time worker and earned just under \$600 a year. The next day he went to the Internal Revenue Office to claim back taxes.

We ran a series of six meat merchandising meetings, with the well known Jack Milton of the American Meat Institute as the lecturer. Once again Mr. Whippen, with the assistance of Mr. Underwood, arranged for the halls and contacted wholesale houses or super markets to have a supply of meat at the demonstrations.

When you say "meat," the word fascinates all grocers. No grocer can know too much about meat, in cutting it or in merchandising it. For



instance, we had a good meeting in Berlin, and the grocers there became so "involved," if that is the word, that they kept Jack Milton talking an hour longer than his allotted time, and then it seemed that at least 20 grocers took knives and demonstrated and argued on how meat should be cut. That was a wonderful meeting--everyone got something out of it.

Mr. Underwood had a real task in arranging six poultry and egg schools, with Jim Shaw of the Poultry and Egg National Board, as the expert demonstrator.

There is a lot of work to setting up one of these meetings, but Russ Underwood fulfilled the assignment with fine credit to himself. First he had to find a hall. Then he had to find a grocer who would bring at least 15 chickens, dressed, to the meeting. Then Russ had to bring a big tub of ice, a set of butcher knives, a large wooden case, into which the cracked ice was placed so that Mr. Shaw could show the proper way of displaying chickens or chicken parts. The program consisted of cutting up a turkey and then a chicken. Grocers would then be called up to cut the chickens, and package them for display. It was surprising how many of the old-time meat cutters just glowed when they learned something new--and most of them did learn something new.

Russ Underwood himself knows how to cut up chickens. In two schools, when the chickens were not dressed before delivery, Russ was quick to pick up a sharp knife and whip through enough of the chickens to complete the demonstration. Russ has also made it a practice to visit grocers after the school, to give additional assistance, and to discover their problems in selling poultry products. I might also say that Norm Whippen has done the same on fruits and vegetables. In fact, Gene Isabelle in Claremont reported a 30% increase in produce sales after a session with Norm.

Part of that school was an egg candling demonstration for the grocers. A case of eggs was obtained from an egg auction before the program, and the grocers were given a very informative lecture on how eggs are candled and graded for freshness and size. Just for demonstration purposes, bad eggs as well as good ones were shown--and I learned for the first time just how b-a-d eggs can be.

Lack of time prevented us from scheduling a full series of meetings on the "Outlook for Grocers." We did hold one in Berlin that was definitely so successful that we plan to repeat it on a full-scale during the coming winter months. The Extension Service went right into the University of New Hampshire economics department for a professor who talked for about 10 minutes on the future of business in the nation. He spoke on general economic conditions, rather than the grocery industry. Then we had two wholesalers--one in dry groceries and one in the fruit and vegetable business--tell about their particular fields. They were men who knew of present stocks, and trends.

Another speaker was the local manager of the state Employment Office, who knew employment and unemployment figures. He made a survey of local industries and then forecast for the coming six months. Indeed, it was informative for the grocers.

Of course, I had to say a few words at every meeting, as well as Norm Whippen or Russ Underwood. We followed a program so that the Independent Grocers and the Extension Service would get into the act. The county agent in the area would open the meeting, tell how it was set up, and call on me as the first speaker. Then he would call on Mr. Whippen or Mr. Underwood. We made short talks, but we made sure the grocers would know our names and why we were there--and it helped to acquaint the grocers with the County Agent, and he with them.

The grocers are an important "accessory," if you want to use that word, in helping the farmer distribute his products. Some farmers sell at roadside stands, and can foods for their own families, but the bulk of the goods are sold over the counters in stores. These products are very essential to the grocers, too, because they form an important department in his store--a department which makes up a large percentage of his profits.

What do the retailers expect from the farmer? I hope that you will carry this message back to the farmer. The grocer wants a quality product that will bring customers back to his store.

I spoke to a group of potato growers in New Hampshire last spring and told them straight from the shoulder what the storekeeper wanted. It was not long before I realized that I was in a dangerous spot because I told them very frankly what I had learned from a survey of wholesalers and retailers. The report of the survey was not complimentary to the growers, and they did not like it. One grower insisted that I tell him what I meant by "quality," and I didn't have an answer for him. I told him he was too technical for me. But I did tell him that what I meant by a quality potato was a product that satisfied Mrs. Consumer and brought her back for more potatoes. One cannot expect a farmer to take over a grocery store and know the business, any more than you can expect a grocery store owner to buy a farm and grow large and luscious crops.

A grocery store is nothing more than a show window for the end result of a farmer's work. He owns land, studies it, plants crops that will grow best, and then he sends them off to market. If the retailer does not know how to buy it, care for it, and sell it, then the chain of selling is broken. One is just as essential as the other and without one the other will fail in the great mission of feeding our people.

There is a wide lack of knowledge between the farmer and the retailer, and that is to be regretted because there is a great deal to be



accomplished if and when they meet on common ground. In New Hampshire, I think we are on the road to bridge that gap through the efforts of the Extension Service and our association to bring both groups together--that is, to show the grocer what the farmer is doing for him, and to show the farmer how necessary is the grocer to sell his products. We are also doing it on a statewide basis, with the Planning and Development Commission--the promotional agency of the state--advertising our garden and dairy products to the public at large by means of large banners in stores and on trucks and through newspaper and radio publicity.

The Department of Agriculture will, in time, solve many of the problems of farmers who are anxious to sell more of their products to the public through grocery stores. I know that whenever Extension and other Department of Agriculture workers are at meetings of retailers they are always watching for the reaction of the grocers so that they may be passed on to the agricultural interests.

They are telling the farmer what the grocer needs--the type and quality of produce, and the way it is presented to the public for sale.

They are telling the farmers just how much the grocer knows. And I must admit that the grocer lacks technical knowledge when you talk quality to him. What is quality? The honest grocer will tell you that he does not know how to answer the question--but he will tell you that to him quality is what brings the customer back for more. If a barrel of apples sells fast, the grocer wants another so as to keep the cash register bell ringing constantly. But if a barrel of apples does not sell, and the cash register is stilled, then the grocer switches to another kind of apples, or he buys from another farmer.

Let me tell you something more about the potato situation in New Hampshire. The growers for years have wanted to sell more nearby-grown potatoes in the independent stores, but they did nothing about it until last spring when they invited me to their annual meeting with the request to talk straight from the shoulder. I did just that. At times it looked as though I would be tossed out bodily, but after it was all over I think that we both derived a lot from the discussion. The immediate result was that a group of super-markets, owned by one retailer, was to start this month to sell only New Hampshire potatoes. Next week I am to confer with the Secretary of the Farm Bureau Federation and evolve a plan whereby our independents will have a chance to buy New Hampshire spuds. Our board of directors will buy first, and then the membership at large.

Before we discussed the potato issue at the round table, there was a lot of misunderstanding. The first cause came when the Potato Distribution Service went to the buyers of two chain stores in our state, and offered them the best of the state's potato crop. No consideration was given the independents as to whether they wanted to sell home-grown



potatoes. In the super-markets, there was an easy, quick and efficient market, and of course they took the easy way to sell.

In my survey among wholesalers and others who were acquainted with the problem of why New Hampshire farmers did not sell more potatoes to our independents, I found that our stores were getting a poor quality of potatoes. By quality I mean poor looking, damaged, and potatoes of every size. I think the name of them is "culls."

I told the potato growers that if they would promise to bring in high quality potatoes to the stores, or at least potatoes that were the same grade as those sold to the chains, that we would work with them--not only in selling potatoes, but whatever crops they would raise. It was a promise of teamwork.

How was my message taken? By the majority, in good spirit; by the minority, with a challenging attitude. Some of them were really defiant against the simple rules I insisted upon--to bring in potatoes as good as those sold to the chains, that they bring in potatoes of a quality that would bring back customers.

It was brought out in the heated discussion that some farmers actually thought they were doing the storekeeper a favor by bringing him potatoes. Believe it or not, some growers brought their bags to the stores and actually dumped them off in the receiving room, and did nothing more than collect their money. They did not take care of the stock they had left the week before, they did not take the trouble to visit the potato section, to see if any were left, what condition they were in--in fact, they did not seem to care if their wares were sold. They had an order to deliver some more bags, and they did just that, and only that.

What should a potato grower do when he has a store customer? Why, do just the same as other salesmen--and farmers are salesmen. Let us say that a grower delivers to Henry's Market every Tuesday morning. He does not just bring them to the storeroom; he takes time to stop at the vegetable department and see how many pecks or 10-pound or 5-pound bags are left. These he puts aside, and then piles up the new order. And he does not just toss them into the corner. He places them in a pile, careful not to bruise any one of the potatoes. For potatoes are delicate and easily bruised--and I wish more growers would appreciate how delicate is their product. The old bags he places on top for quick selling, leaving the new ones on the bottom. If he is careful enough, and fussy, he will sweep out the area as well. And if he is very particular about his wares, he will provide a platform on which to pile the bags if the grocer is not progressive enough to do so.

At that potato growers meeting, the Extension Service had a very persuasive voice because none other than Larry Bevan, the state director, was the moderator, and if he did not have the ability of a diplomat and the patience of Job, it could have developed into a Donneybrook. For, beside me and my outspoken advice, the secretary of the Restaurant Association was present to speak his piece.

A few weeks ago Norm Whippen of the Extension Service prepared a pamphlet on sweet corn. It was pointed to the farmer for picking, and to the grocer for buying, keeping and selling corn. The pamphlet also gave detailed information on how the consumer should keep and cook it. That was a natural story for the public. I prepared a news article that New Hampshire native sweet corn would be in the market in a few days, and that our independent grocers wanted every housewife to know just how to buy and cook the delicacy. And I can assure you that New Hampshire sweet corn is the best, the most delicious and the most satisfying of all vegetables grown anywhere.

The pamphlet had on front a golden ear of corn, and at the bottom was the credit line: "Cooperative Extension Service." One group of our stores saw the importance of the information, and with permission of the Extension Service had a reprint, with one given to every customer who bought corn.

The Extension Service was educating everyone. It told the farmer just how he should pick it and cool it so that it could keep its full food value. It told the grocer what he should do, and it educated the consumer on the best way of preparing it. That one four-page pamphlet, to me, was a perfect example of what the Extension Service is trying to do in our state -- to help the grower, the grocer, and the consumer.

In closing, may I congratulate the Department of Agriculture for its fine work. I was asked in what ways could the department do more toward helping the retailer, and by helping the retailer to help the grower. So far, I have given illustrations of how we are using the assistance that's being made available. As for additional marketing help, I believe that the retailer would benefit from the following:

That additional Merchandising Schools covering the handling and merchandising of perishable agricultural products including meats, dairy products, poultry and eggs, fruits and vegetables, and flowers and garden materials be made available to grocers.

That more individual service be given to retailers after the school, so that more of the practices recommended at the school will be put into effect.

That clinics and short courses be held to assist grocers with management and store operation problems.

That more research to aid the food retailer be conducted, and that the results of this research be interpreted so that it can be of greater value to the grocer.

That research and educational assistance be given to help food retailers solve their record keeping problems. We are planning a "Simplified Book-keeping System" this winter for our smaller stores.



That assistance be given to help grocers understand and interpret grade and regulatory standards that now confuse them.

That information about business and agricultural trends, including outlook information, be made available to food retailers.

That market reports be changed, or new ones developed, that can be more effectively used by food retailers. I would strongly urge simplified writing -- adopt the newspaper style. Write at the eighth grade level so everyone will understand.

That retailers be given information that will enable them to better understand the problems of production and marketing of agricultural products. This works both ways -- those in the production end should be told, as well, the problems of the grocers.

That more attention be given to consumer education. Retailers are willing to help, but we need assistance from the Department of Agriculture in informing consumers about supplies, how to choose and use, reasons for price changes, marketing problems, etc.

Frankly, I would have failed badly in the past year in sponsoring meetings and schools and demonstrations without the help given by the Cooperative Extension Service. I assumed my present duty a year ago last April after 31 years with a newspaper. I lost a battle with an ulcerous stomach -- or rather, I lost a stomach, and since then I have been trying to eat all the meats and vegetables that I went without for over 25 years. Perhaps it was my newspaper experience that sensed the services that were available through Cooperative Extension Service. I would call it efficiency rather than laziness -- but whatever the cause, the results have been far-reaching for our grocers.

What about the future? Mr. Bevan and I have conferred several times already on what type of meetings we can hold during the coming winter. We have explored many possibilities, and I just know that when we put our heads together and make up the final program that it will be a good one and impart a lot of progressive information to our members.

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Presentation at General Session  
Monday Morning, August 30

APPROACHES TO MEASUREMENT OF SUPPLY AND DEMAND  
FOR COMMODITIES AND SERVICES

C. G. Hildreth, Professor  
Department of Agricultural Economics  
North Carolina State College

- I. Introduction: limitations of present discussion; purposes of demand and supply studies (prediction, in a broad sense, is the dominant objective).
- II. Sources of Data for Demand and Supply Studies.
  - A. Market Data: most familiar source; difficulties arise with small sample structural changes, auto-correlated disturbances.
  - B. Surveys of Households and Firms: needed complement to market data; some socio-economic factors affecting households and technical and organizational factors affecting firms may also be observed; planning period becomes crucial; importance for income concept; price variability may be small.
  - C. Controlled and Partly-Controlled Experiments: could usefully be exploited more; partially-controlled experiments raise special problems; uncontrolled factors difficult to measure; effects of conduct of experiment on observed behavior a serious problem.
- III. Methods of Interpreting Data.
  - A. Judgement: always used to some extent; subjectivity makes results hard to evaluate, methods hard to transmit; ultimate progress may be limited .
  - B. Descriptive Statistics: perhaps best regarded as aid to judgement; can economize on time, enable judgement to comprehend general features of large bodies of data; graphical methods may be put here or may be regarded as crude but inexpensive approximation to C below.
  - C. Statistical Analysis: requires formulation of probability model; permits construction of confidence intervals and tests conditional upon validity of model; considerable judgement required in model building and in making predictions; simultaneous equations, least squares controversy

may have unduly drawn attention of economists away from other developments -- for example with respect to auto-correlated disturbance forms of relations, need for better specification of variables and more refined measurements.

#### IV. Some Sources of Prospective Contributions.

- A. Model Construction: choice of relevant variables; social and demographic variables influencing demand; search for more stable relationships, permanent component of income; need for technical data and indicators of expectations on supply side; algebraic form of relations; nature of stochastic elements.
- B. Statistical Methods: alternative estimation procedures; stochastic processes; Monte Carlo methods for small sample theory; specification errors.
- C. More Comprehensive Empirical Studies: combining data from various sources; more complete reporting of studies; methods of prediction; use of supplementary evidence; prediction records; criteria for acceptable predictions.

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Presentation at General Session  
Monday Afternoon, August 30

USE OF SUPPLY-DEMAND ANALYSIS IN INDUSTRY  
MARKETING PROGRAMS

Robert C. White, Price Analyst  
Florida Citrus Mutual  
Lakeland, Florida

The history of farmers' marketing organizations demonstrates clearly that many producers believe they can do something about the price they receive for their products.

Organizations have been formed many times by groups who believe that through monopoly control and other devices they can improve the price they will receive. Agricultural producers are impressed by manufacturers and by labor unions, who apparently set prices on their goods and services.

However, these agricultural producers fail to understand that in order to set or change price they must have control of supply and be willing to adjust supply in relation to other factors governing supply and demand.

The citrus growers of Florida are somewhat reluctant to limit their supply but continue to look for better prices for their fruit. They have learned to use accurate market information and have made profitable use of price analysis in everyday marketing. With current factual information available as a guide, the Florida citrus grower has become increasingly shrewd in bargaining. Price Guide Information enables each grower to know the value of the crop. However, each grower must decide for himself the relative quality of his product and the price that he should receive in relation to the average price.

In making an analysis of supply and demand, the analyst must be impartial in his attempt to find the true value of the product, in light of the existing facts. He must find the factors which influence price and be able to measure the effect of those factors. For this reason, the successful use of a demand-supply analysis depends upon the ability of the price analyst and his knowledge of the product. If the analyst is incorrect and the people have followed his advice, someone will either take a loss or make an abnormal profit. The same is true in the event of an error in the Government crop estimate.

The grower must come to understand that price is "discovered" by the analyst and not created by him.



## The Florida Citrus Industry

Florida produces more citrus than any other area in the world. Last season's orange crop was 91 million boxes and with 42 million boxes of grapefruit and 5 million boxes of tangerines made a total of 138 million 1-3/5 bushel boxes, or a total of 220.8 million bushels of citrus. In comparison, California produced only 32.3 million boxes of oranges last season. Florida produces 95 percent of all frozen orange concentrate.

The estimated value of last season's crop to the grower was \$138 million.

### Florida Citrus Mutual

In 1949 the citrus growers organized Florida Citrus Mutual as an initial step toward a more intelligent approach in the marketing of their products.

Florida Citrus Mutual is a cooperative organization composed of more than 7,200 growers of citrus fruit. The organization is set up in such a way that it includes representation of all groups within the citrus industry -- growers, shippers, canners and concentrators.

Mutual is governed by a Board of Directors composed of twenty-one grower members as elected representatives of the seven geographical districts, with members in each district selecting three Board members annually. The Board of Directors elects, from its membership, an Executive Committee composed of seven members which performs functions of the Board within prescribed limits between monthly Board meetings.

An Advisory Committee, made up of prominent and well-informed shippers and processors, selected annually by the Board of Directors, functions in an advisory capacity to the Board, furnishing technical and practical advice on industry problems.

Under the direction of the Board and its Committees, Mutual's staff carries out established policies of operation.

The staff is supervised by a General Manager, Robert W. Rutledge, who discharges his duties with the help of organized departments. These departments are: Market Information, Statistical and Economic, Grower Relations, Press and Publications, Export, Dispenser and Accounting. Each department operates under the supervision of a department head.

This original administrative organization has proven satisfactory and has not been altered in any major way to date.

Florida Citrus Mutual's original program of operation has been altered and improved upon each season. Mutual's early history is identified with a program based upon:

I. Minimum Prices.

II. Regulation of shipments.

- (a) Weekly prorate for the industry.
- (b) Prorate to the various markets.

This was almost the same program as that of Mutual's predecessor, the Florida Citrus Growers Clearing House Association.

The Clearing House, after a brief and stormy career, had ceased to exist eighteen years before Florida Citrus Mutual was organized. Mutual was formed because many growers believed that the objectives sought by the Clearing House were sound but the methods used in carrying them out had been inadequate.

Mutual has discontinued the use of the mandatory prorate for shipment of fruit. Other forms of compulsory regulation, including floor prices, are no longer in practice.

Mutual now strives to furnish complete marketing information for the citrus industry in the belief that everyone involved in marketing fruit will do a better job if all the facts are available.

Mutual's efforts to use minimum floor prices were unsatisfactory. Realizing the folly of minimum prices, Mutual established the use of Price Guide Information which to date has been highly successful. Price Guide Information gives the grower the economic value of his fruit under existing supply and demand conditions. Thus, as there are changes in the factors which influence price, the grower is advised how these changes alter the average per box value of his fruit.

How Price Guide Information is Presented to Growers

Mutual growers are organized into thirty-nine council groups. The officers of the council groups are invited to Mutual's headquarters each season when Price Guide Information is released. A graphical chart presentation is made of the major supply and demand factors which influence price. These facts are presented in as simplified form as possible. Thorough explanation is given as to why existing factors should bring about a given price for the grower's fruit. Prices are given for each method of utilization which includes fruit for fresh shipment, canned juice and for frozen concentrate use on both oranges and grapefruit.

Copies of the presentation are given to the council officers, who in turn furnish the same explanation to the members of their respective councils.



An educational program for growers in the use of such information is essential to the success of the Price Guide Program. We have found that as confidence is established the information becomes very effective. Actually we are using logic and reasoning to show growers how to do something for themselves instead of the floor price method which attempts to force them to act together.

Citrus prices vary greatly throughout the season. For this reason, growers and handlers must understand how to use price information. Growers are repeatedly reminded that Price Guide Information is based upon average price for the season. Average price includes the very best grade of fruit as well as the poorest marketable grades.

Members each week receive a publication called the Triangle. The Triangle presents up-to-date information and facts which the grower may use in the marketing of his fruit.

Thus, the grower can still use his own initiative as he must decide when, where and how to sell his fruit. He is in the more favorable position of having available as much information as the handler trying to buy his fruit. The grower is not subjected to the added pressure of false rumors which in the past often caused panic selling.

Daily market information is also available as objective data in addition to the weekly publication.

We try to help the grower to interpret and evaluate the facts. With Price Guide Information it is possible to have a more steady flow of fruit to the market as growers hesitate in sacrificing their fruit at a price that is too low in keeping with the seasonal trend of supply and demand relationship.

Since supply is one of the most important factors, Mutual is constantly trying to aid the Government in ways of improving the accuracy of the crop estimate.

The industry has come to understand that Mutual's Price Guide Information will be adjusted at any time the Government estimate is changed.

#### Grower Reaction to Price Guide Information

Each season, growers have become more impressed by the realization that the information from Mutual has been accurate, with prices working out as forecast. Forecast prices have become a guide for industry operations. With this information Mutual has been able to inform its growers during periods of low prices just what the true value of fruit should be under existing conditions. Growers have been able to sell with more assurance that they were receiving an economically justified price.



### Handler Reaction

Fresh fruit handlers and processors have had varied reactions to our Price Guide Information. With each passing year they, too, are finding the information reliable. This season the price worked out accurately for the Government estimate which was in force during the time when fruit was purchased or contracted for. When the estimate was increased after the close of the season, there was no way to make a change. For this reason the crop estimate is important.

The effectiveness of the information can be measured by the response of the various factions of the industry. The grower has definitely been placed in a better bargaining position. Handlers are finding they can pay Mutual's economic price with more assurance of making a normal profit. Of course, there are those who have selfish interests, or with honest differences of opinion, who would like to see the information eliminated.

Mutual's information is distributed to all segments of the industry. It is our belief that the best job of marketing can be done when all segments of the industry, including chain store buyers, processors, fresh handlers and growers, know all the facts.

### Use of Demand-Supply Analysis in Other Agricultural Organizations

It is our understanding that in many industries and organizations price forecasts or economic analyses are used by committees or officials and that the public is not advised as to the findings. To my knowledge Mutual is the only grower's organization which publishes prices for information of members.

Demand-supply analysis is used by other agricultural producer organizations such as the California Lemon Growers, California Orange Growers, California Peach and Apricot Growers and the California Walnut Growers. It is also used by the Cranberry Growers in the Northeast.

Since Mutual has been successful in the use of Price Guide Information, several agricultural organizations have talked with us seeking to provide similar information for their producers.

We at Mutual are willing to help anyone and give the results of our experience. In so doing we are endeavoring to pass along some of the aid that has been given us from the U. S. Department of Agriculture, which includes the Agricultural Marketing Service and the Extension Service. We have received help from State and Federal agencies and from Agricultural Colleges throughout the Nation.

Presentation at General Session  
Tuesday Morning, August 31

PRODUCT QUALITY CONSIDERATIONS IN MARKET INFORMATION

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In preparing this paper the easiest way seemed to be to divide it into three sections.

In the first section I listed some of the reasons why it may be important to report market information according to the various qualities of agricultural products.

In the second section I brought together as factual and as detailed a review of the current status of reporting market information by grades and other indications of quality as I thought was feasible to attempt in a paper of this sort.

The third section provides the opportunity to make some suggestions for improvements based on considerations arising out of the first two.

SECTION I--Uses of Market Information reported according  
to product quality.

To start, I would like to ask the question, "Is it really important in terms of dollars and cents returns to agriculture and in increased consumer satisfaction to have marketing information reported according to the various qualities of agricultural products produced?" Such reporting is expensive because it involves the gathering of detailed information on each of several grades of a product. Greater detail requires larger samples and greater accuracy in collecting the data. Special skills also are required because in many instances for a man to report quality accurately he must be a qualified grader.

Even though such reporting costs money, there are at least four good reasons why we need to continue the reporting of market information on product quality that is now being done, improve upon the present work, and at some levels in marketing expand this activity.

The first reason is that it would be virtually impossible for farmers and marketing men to use market price information in buying and selling without product quality being described or at least generally understood in the market reports. Price differences due to quality in most instances are great enough so that unless a market price is tied to a known measure of quality, it cannot be related to the individual lots which people are interested in buying or selling. One important use of market information is in judging to which of several alternative markets to ship. Unless



prices reported in these markets are comparable as to quality and other considerations, the reports are of little value for this purpose. Those who ship to markets on consignment also need to know what prices were paid for different qualities if they are to judge the adequacy of their returns.

One of the major changes going on in marketing today is the increased buying of agricultural products without personal inspection. This buying, which is done on the basis of Federal or State inspection certificates as to grades or other measures of quality, results in large savings of time and transportation costs over marketing costs when buyer representatives must be maintained in the producing areas or when all the products must be physically transported to a central market place where they could be bought on the basis of personal inspection and then redistributed. Market news by grades and sizes is essential to this lower-cost direct marketing.

The second reason is that price differentials paid by consumers for various qualities can have no influence on encouraging production of quality products unless these differentials are reflected back down through the marketing system to producers. This task requires the reporting of price information on each important grade, at each level of trading, from retail down to the farm level.

How seriously a lack of market information may retard the reflecting of price differentials for quality from one level of trading to the other is illustrated by some figures I have on butter prices gathered in a Midwestern State. No market news prices on butter are reported in producing areas and the prevailing marketing practice is for country creameries to sell their butter on the basis of agreed-upon premiums or discounts from prices reported on the wholesale markets in Chicago or New York. The price differences between grades in Chicago and New York are widely followed, and it was generally assumed that the same price differences between grades applied in the producing area. An examination of prices received by creameries in this State, however, revealed that this was not the case. From September 1949 to September 1950 the average price difference between grades A and B butter received by creameries was only  $\frac{1}{2}\phi$  per pound as compared to an average price difference of 1.4¢ per pound reported in New York and a 1.8¢ difference reported in Chicago during the same period. In other words, approximately two-thirds of the price difference between grades that was being paid in the New York and Chicago wholesale markets was lost before it reached the country shipping point. I believe the lack of price and grade information in the producing area was largely responsible for creameries not getting full price differences for quality. The creamery managers producing better butter, not knowing what other creameries in the same area were getting for butter by grades, had no basis for bargaining for higher prices.

The  $\frac{1}{2}\phi$ -differential creameries received was not sufficient to interest them in quality improvement. The Extension Service in the State in which this study of prices was made, for years has been spending thousands of



dollars annually in encouraging creameries to improve the quality of their butter but has made only slow progress. It seems to me that we get our cart before the horse when we undertake quality improvement programs without first taking steps to insure that proper price incentives are reflected down to the producer.

The phenomenon of middlemen tending to pay a flat price for all qualities is common in the marketing of agricultural products. It is one, however, which can be corrected by putting good information on prices and grades in the hands of the producer.

Before the enactment of the Smith-Doxey Act in 1937, a common practice was for buyers to make their purchases of cotton on what was called a "hog-round" basis. This meant that they made their purchases on the basis of a single price for all cotton delivered. This system gave farmers no incentive for quality improvement. Now with approximately 80 percent of all cotton graded before it is sold by farmers, and with market news reports on prices by grades also available, conditions are entirely different. Farmers who produce better quality now receive substantial premiums, and these premiums are having their effect in quality improvement.

Before the "United States Standards for Grades of Slaughter Swine" were revised in September 1952, approximately 90 percent of the market receipts of butcher hogs were reported by market news under the broad classifications "Good" and "Choice." No distinction was made in the terminal markets between these two grades and price differentials were almost entirely on the basis of weight groups. Extension work to get farmers to raise hogs that would yield a larger proportion of desirable cuts of meat largely met with indifference because most farmers were not interested in going to extra trouble to change the type of hog they raised when they couldn't get any more money for doing so. The revised swine grades now provide a means of classifying hogs more nearly in line with the value of the meat they will yield. Whenever hogs arriving at markets now are sufficiently sorted, so that it can be done, Market News reports prices on the basis of these new grades: Choice 1, 2, and 3.

Price differences on these new grades are carried by radio and newspapers throughout the producing area. Farmers are taking more interest in producing superior type hogs, and they are getting paid for their efforts. The process is accumulative. As more shipments of hogs that can be distinguished by these grades come to the market, more reporting by grades is being done, and in turn there is more incentive for farmers to produce better hogs. How successful this program will be in the long run depends on how well these new grades measure qualities that command important price differences.

There are many instances where production or grading out of product quality has paid off in increased returns to farmers when the higher prices for quality is carried down to the farm level. There is a danger in all of this, however. We can go too far in the production or grading out of quality agricultural products.

In order to maximize returns on total production there is a given proportion of the crop that should be marketed in each grade. The putting of larger amounts in a higher grade can reduce total returns as well as increase them. This fact is the third reason why we need market information by grades. The proportion that should be marketed in each grade depends on the shape of the supply-price curve for each grade. To determine what these curves are, we must not only have price information by grades, but we must have information on the amounts marketed by each grade as well.

(Illustration Used in Talk: <sup>Talk</sup> .

		<u>Quantities</u>		<u>Price</u>		
First Situation:	Grade A	100	x	60¢	=	\$60.00
	Grade B	200	x	40¢	=	<u>80.00</u>
						\$140.00
Second Situation:	Grade A	110	x	50¢	=	55.00
	Grade B	190	x	42¢	=	<u>79.80</u>
						<u>134.80</u>
						- 5.20
	Cost of producing higher quality					<u>.80</u>
	Loss due to producing higher quality					\$ 6.00)

If we can't afford to gather data on amounts marketed by grades on a continuous basis in our market information programs, then we at least need to have the data gathered occasionally, perhaps using the continuous panel approach, so as to permit a periodic evaluation of whether our grades are doing their job properly. Without this supply data we cannot measure the shape of the price-supply curves for each grade, and we are operating our grading and quality improvement programs in the dark.

The fourth and last reason I would like to bring out as to why the reporting of information according to product quality is important, deals with the use of market information for research purposes. If further refinements were made in the reporting of kind, size, and quality information, with the thought in mind of making it of more use for research purposes, it would greatly strengthen our over-all activities. I would especially like to mention the duplication of effort that now results when researchers feel obliged to go out and gather detailed price data for purposes of measuring margins at different levels of trading. If some of the funds spent on these independent studies were used instead to further refine current market information, this data could show changes in marketing margins at the different levels as they occurred--not six months later; and by having a continuous series of data we would not miss important changes.



## SECTION II--Present Status of Reporting Market Information on Quality.

These considerations, I think, will help us in looking at the present status of reporting marketing information according to measures of quality, which is the second part of my paper.

The Federal Crop and Livestock Reporting Service, which is one of the major sources of information for use in marketing (with only two exceptions) makes no breakdown in its production figures according to USDA grades nor does it report prices received by farmers according to USDA grades. In a broad sense, however, some quality distinctions are made in a number of the figures which are released. A distinction is made between fruits and vegetables produced for fresh use and those produced for processing; in grain separate estimates are given for the amounts used for seed, for feed, and sold; in milk a distinction is made between milk for manufacturing purposes and milk for fresh use.

Also some other useful indications of quality are given without reporting the amounts by grades. In the "Hog Marketings and Marketing Intentions Report" average age of barrows and gilts marketed is given. In the "Cattle on Feed" reports, information is given on the number of cattle in each weight group, the number of months they have been on feed, and the number expected to be marketed each month. In the "Livestock Slaughter" reports information is given on average live weight per head. From such information livestock men can get an indication of the quality of animals moving to market.

One of the two exceptions where estimates are made by grades is under a cooperative project between the Crop and Livestock Reporting Service and Livestock Market News Service. The number of head of beef steers within each grade is reported weekly in the Chicago, Omaha, and Sioux City markets. This work is soon to be extended to St. Louis, St. Joseph, and Kansas City.

The other exception is in Kansas, where State funds have been available since 1947 to provide a breakdown of some of the crop estimate data by grades. During and immediately following harvest, tabulations are made of carlot inspection records of Kansas wheat shipped to terminal elevators. From this data releases are made showing the average protein content and test weight per bushel by counties in which the wheat was produced. Also, State funds are used in Kansas to report prices received by farmers according to grades on both wheat and eggs.

The Federal-State Market News Service is the other large supplier of market information. In all of the commodity branches making up this service, prices are reported by grades and other indications of quality to the extent these measures are used by the trade and are available.



In addition to prices, the Cotton and Tobacco Market News Services both regularly report amounts marketed by grades. Only occasionally are actual figures on amounts by grades given by the Grain, Dairy and Poultry, and Fruit and Vegetable Market News Services. These services usually indicate volume of trading in narrative form such as "a few choice grade steers," "sweetpotato supply limited," or "heavy hen supply plentiful."

The Cotton Market News Service reports prices on cotton by grades and staple length, and prices on cotton linters by grades. The percent of cotton ginned that falls within the various grades and staple length is reported regularly. The average grade of cottonseed sold by ginner for crushing is reported weekly by counties. At the end of each season the amount of cotton linters in each grade is reported. This program is strengthened because of the free grading service available to farmers under the Smith-Doxey Act. It is also supported by the Cotton Standards Act of 1923, which makes it unlawful to use the terms "middling," "strict middling," etc., which denote the official grades, in any market transaction or price reporting unless these refer to the USDA cotton standards. In addition, the Cotton Futures Act of 1926 gives the Secretary of Agriculture responsibility for supervising the reliability of quotations in bona fide spot cotton markets.

The Tobacco Market News Service reports prices by types and grades and information on percent of different grades of tobacco sold over auctions. This program is carried on largely under the Tobacco Inspection Act of 1935 which provides for free and mandatory inspection and market news on any market where a grower referendum indicates a desire for such services. All established auction markets now receive this grading and market news services, and approximately 95 percent of the total United States production of tobacco is sold over auctions. The Tobacco Stock and Standards Act of 1929 makes it mandatory for all except the smallest dealers and manufacturers in tobacco to provide data quarterly on tobacco stocks in detail as to type and groups of grades. This data is published by the Tobacco Market News Service.

Most Grain Market News prices are obtained from official records of established grain markets and are reported by grades. Information giving market receipts for each grade of grain is available from inspection records, but is seldom reported. What the grain trade is interested in is knowing quality of the over-all crop at the beginning of the season. Early information on protein content of wheat, for example, helps millers who need high protein wheat to adjust their procurement plans and prices accordingly. Because private information at this point is much better than that available to farmers, farmers are at a disadvantage in bargaining.

On feed stuffs there are no recognized grades. Prices on some of them are reported on the basis of protein or vitamin content; others, on the basis of average quality. Prices on mixed feeds for poultry are reported

according to percent protein and fibre. In reporting rice, an attempt is being made this season for the first time to report prices of rough rice according to its milling yield of head rice. Beans and hops are sold mostly on the basis of inspection and samples. Their prices are reported as being representative of either top or average quality.

Livestock is usually sold on the basis of personal inspection, and it is the responsibility of the Livestock Market News reporters in the markets to judge the grade of animals sold. In fact, grades for live animals were originally developed for market news purposes. All Livestock Market News reporters are qualified graders, and their grading work is periodically reviewed by a supervisor. Frequent checks are made between grades assigned to live animals by the market reporters and carcass grades given by the Federal meat graders. The Packers and Stock Yards Act of 1921 requires that all buyers and commissioned men shall keep complete and accurate records of their transactions, and shall not make or circulate any false reports on the price or sale of any livestock or live poultry. These records are frequently used by the market reporters to supplement information gathered through personal observation. In the administration of this Act, provision has been made in the New York live poultry market to have a copy of all sales receipts sent to the USDA reporter. These receipts give weights and price but no grade information.

In Dairy and Poultry and Fruit and Vegetable Market News reporting the practices in reporting are comparable. Prices are reported by grades, and other indications of quality depending upon trade customs in the individual markets. The reporting of products according to State of origin is frequently done to give a helpful indication of a product's characteristics. The reporters in these services are not trained graders in the sense they are in the Livestock Market News Service. (Some of them have had grading experience due to the fact that they were in the grading service before being employed by Market News.) Nor are nearly all these products graded and marked prior to sale, as they are in the case of tobacco and cotton. Although a large part of the fruits and vegetables, butter, and dairy products have been Federal- or State-inspected for quality, something less than one-third of the fresh fruits and vegetables marketed are marked according to USDA or State standards. Approximately 7 percent of butter produced and less than 5 percent of dressed poultry is marked according to USDA or State grades. The most common practice is for a reporter to rely on information given him as to a product's grade or quality. He often doesn't see or examine the lots on which price is being reported.

A check on the accuracy of price information for each quality of product is made by the reporter by comparing information given him by the different dealers and in learning whom he usually can trust to give him reliable information. The dangers of being misled are greatest when volume of trading is small or when only a few dealers are handling individual products. Cross checking of information also becomes complex.



when one considers the large number of items covered. It is not uncommon for a fruit and vegetable market reporter in a terminal market to cover 40 or more commodities, not counting different grades and varieties. Except in live poultry markets, which come under the Packers and Stock Yards Act, these reporters have no legal basis for requiring dealers to provide information.

The Perishable Agricultural Commodities Act requires commission merchants and dealers to account truly and correctly to persons with whom transactions are made, but there is nothing in the law which restrains a dealer from lying to a market news man.

The few instances in which exact amounts marketed by grades are reported include the Hammond, Louisiana, strawberry report in which grades are given on carloads of strawberries shipped, along with the local auction prices. Also, there is some reporting on amounts shipped by each grade and size when these data are made available under marketing agreements and orders. Sometimes amounts sold by grades in the terminal market fruit auctions are reported.

In summarizing the current status of reporting market information according to product quality for all these different commodities, it is easy to see how the two service programs--Grading and Inspection and Marketing Information--compliment each other. It is only possible to report market information by grades if consumers, middlemen, and producers use these measures of quality in their day to day participation in marketing. The use of grades depends on how successful the Inspection and Grading programs are. In turn, the distribution of market information by grades promotes the use of grades provided that they command effective price differentials.

There are many factors which influence the success of these programs. In some instances the use of official grades has been made mandatory by law, and in some instances, not. Practices in marketing influence the use and acceptance of grades. Progress in overcoming technical difficulties of measuring quality has advanced faster for some commodities than for others. The problem of relating quality of processed to unprocessed products in many instances has been a tough one.

To top off all our headaches in this field, we still continue to badger ourselves with an almost endless complexity of names or terms used to designate grades. There are approximately 115 grade terms used in official USDA standards for different commodities, and they are not always used in the same order or combinations. Number 1 is the top grade on some commodities, and on other commodities it is second. Other names for the highest grade include Extra Fancy, AA, A, and Prime. When grades were first developed for wholesale trading, this was not much of a problem; in fact, there was an advantage in using terms that already had some measure of acceptance by the trade. As the use of grades is extended to the consumer level, however, some standardization of terminology is desirable.



As we look at activities in this field of grade and price reporting, we can see that, generally speaking, in the development of standards for grades we have looked primarily to persons engaged in the wholesale trade for guidance. Our Market News Service, except in only a few cities, has not been extended to the retail level so as to keep us in direct contact with consumers. What we know about product quality and prices for product quality has been obtained largely from experiences in dealing with derived demands at the wholesale level.

### SECTION III--Suggestions for Improvement

What is needed first in my opinion is a gradual extension of market news reporting at the retail level. This should be accompanied with the development and redesigning of measures of quality as found necessary to reflect most accurately consumer preferences for quality as indicated by the price difference consumers show they will pay for different product characteristics.

Retail prices should be reported according to these measures of quality as these measures are developed.

This closing of the gap between our present sources of market information and the consumer should encourage a more prompt and accurate reflection of consumer preferences for individual products and different qualities of individual products back to the wholesale level and, conversely, a more prompt reflection of wholesale price changes at the retail level.

There, also, are some improvements that can be made in wholesale market reporting. It is my own opinion, purely personal, that it would be helpful to the official reporters to have more authority to require complete and accurate information from dealers.

In reporting fruits and vegetables and dairy and poultry products arrangements should be made as part of the reporting job for official Federal-State graders to inspect and grade periodically the products on which prices by different grades are being reported.

In order to maximize returns from grading and quality improvement programs, we need periodic information on the proportion of the total crop falling in each grade or quality group. We have this information on cotton, most tobacco, and limited data on other crops. The data needs to be provided on other commodities as well. An expansion to other States of the Kansas work in reporting wheat produced by different quality measures, which I mentioned earlier in this paper, is one way to do it.

Also, the Kansas work in reporting prices paid to farmers by grades is interesting and should be encouraged. This work may show the way to relate the Wholesale Market News reporting of detailed price information in terminal markets and shipping points more closely to the monthly reporting of prices paid to farmers by the Crop and Livestock Reporting Service. This would help close another gap in marketing information linking producer and final consumer.

Presentation at General Session  
Tuesday Afternoon, August 31

OBSTACLES TO ADJUSTMENT TO MARKET DEMAND

M. E. John, Head  
Department of Agricultural Economics  
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Supply Side

I. Farm Operators' Commitments

A. Fixed capital

1. Larger percentage of costs are fixed costs.
2. Larger percentage of costs are committed to single enterprises.
  - a. A change in enterprise frequently means conversion or liquidation of capital investment at great loss.
3. The total fixed cost per enterprise per farm has increased.
  - a. This means that a farmer in shifting from one enterprise to another may have to increase investment--sometimes borrow money. This serves to make him hesitate.

B. Knowledge

1. Farming today requires more "know-how". A farmer who has acquired over the years the knowledge and experience essential to carry on his type of farming hesitates to make significant shifts in enterprises and take the risk of his own ignorance.

C. Habit and skill

1. Farming procedures habitual.
2. Skills are developed over many years.

D. Emotional

1. He develops attachment to his livestock and farming operation. Part of his way of life.

## II. Community Forces

- A. A predominate type of farming develops in an area and a farmer hesitates to deviate from the customary.
- B. Lack of markets. There develops within an area the marketing machinery essential to handle the major crops grown. A shift to other enterprises frequently means the facing of inadequate marketing facilities.

## III. Attitude of helplessness in effecting supply.

- A. Some agriculture is divided into many relative small firms. It takes many operators to influence supply.
- B. The individual farmer feels that he is so insignificant that any change in his production pattern has little influence on supply.

### Demand Side

- I. Consumption patterns are traditional and in some cases habitual.
  - A. They are part of the culture or the way of life of a people.
  - B. Therefore there is a stickness or a resistance to change.
  - C. Lasting changes come slow.
  - D. Elements of the culture that serve as obstacles to changes in demand.
    - 1. Cultivated taste and preference.
    - 2. Cooking habits of the housewife.
    - 3. Beliefs and knowledge.
  - E. The extent to which the demand can be changed is dependent in part upon:
    - 1. Society's concept of its importance.
      - a. The stronger we value a commodity the less we are likely to give it up for another that is in greater supply.
  - F. Both short-time and long-time changes in consumption patterns occur.



1. Short time may be due to
  - a. Seasonal variations in production.
  - b. Application of new merchandising techniques.
  - c. Changes in price relationship.
2. Long-time change may be due to
  - a. Fundamental persistent changes in taste and preferences.
  - b. Changes in price relationship.
3. Our research in merchandising has reflected changes in consumption of a commodity through the adoption of a specific technique.
  - a. All that these studies reflect is the short-time effect.
  - b. We do not know how the results obtained from research would influence long-time consumption.
  - c. Industry is not always aware of this limitation of our finding.
4. The research in retail merchandising shows only what can be expected within the store when the methods of merchandising of other products remain as existing at the time of the experiment.
  - a. Since all products in the store are in competition the changing of the merchandising practice for any one commodity influences the effectiveness of the merchandising of other products.

II. Lack of theoretical framework concerning decision making involved in the selection of material objects.

A. We do not know

1. The effect of the different price patterns on the consumer concept of a good buy.
2. The basic values that people use in decision making.
  - a. Status-giving, self esteem, functional, aesthetic, sentimental and economic.
  - b. The characteristics of commodities that reflect to the consumer that the commodity has the attributes desired.
  - c. When to display large quantities or small quantities.

Where is all of this emphasis on merchandising leading us?

- - - - -

Presentations at General Session  
Wednesday Morning, September 1

DEVELOPING WORKING RELATIONS WITH TRADE GROUPS

D. N. McDowell, Director  
Wisconsin State Department of Agriculture  
Madison, Wisconsin

One of the most interesting and stimulating challenges facing the food and fiber industry of America today lies in the field of marketing, merchandising, advertising, and promotion. This phase of our livelihood is fundamental, not only from the standpoint of marketing our farm products but also of making them available to the consumer in both the quantity and processed form to meet consumer demands.

In discussing with you the development of working relationships with trade groups, we could consider many approaches. We must recognize the splendid relationships, often taken for granted, which now exist with members of trade groups who report to our Market News Service people, to our statisticians and crop reporting personnel; those who report grades and market demands to our marketing specialists. We could discuss in detail the relationships between trade groups and our market service activities dealing with such things as merchandise practices, advertising techniques, and development of sales approach.

I could spend considerable time in discussing how companies and individuals dealing in agricultural commodities are induced or stimulated to report volume, sales, prices, and quality of farm products covered by various marketing campaigns. Many contacts are made by the colleges, State departments of agriculture, and other public organizations with various trade groups in the fields of technical assistance and public relation.

All of these that I have mentioned are factors in developing working relations with trade groups. Before we go further, I believe that we should define trade groups. I imagine it was the intent of this assigned topic to include in this category organizations which deal in the assembling, packaging, wholesaling, and retailing of farm commodities. Therefore, I will focus my attention on these organizations as trade groups. However, I believe that we must consider producer participation, at least in a quasi-role, along with the other trade groups. In other words, in my few minutes with you, I am going to include the development of these working relationships from producer through to the ultimate retailer.

All of our activities must be pointed toward the goal of efficient and effective moving of farm-produced goods from the farmer to the consumer.



In a State like Wisconsin, with an agricultural economy that is primarily dairying, and yet with an interesting diversity of farm enterprise, it is the privilege of our State Department of Agriculture to work with many different types of trade groups.

Perhaps the producing level, as we included them above, may not be considered a trade group, but I can assure you that the producer must be considered in obtaining satisfactory working relations with our processors, our distributors, the wholesalers, the retailers, and finally and perhaps most important, the consumers.

Although the type of service supplied by our State Department is different for many of these groups, the stimulus for good relations is frequently the same. That stimulus, or perhaps you may call it our philosophy of State government, is to supply a service, whether it be a regulatory program, an information program, or a promotion-marketing service. Whichever it be, it must be of value to the greatest share of the particular group and is, of course, desired for the welfare of those who make up that group.

If we wish to consider our farmers or what we may call the producing level as a trade group, I would like to point out a few of the reasons why some of our present programs in Wisconsin have been successful.

Before I go further, let me make an all inclusive apology in referring to Wisconsin in my explanation of various types of programs. Naturally, each of us is closest to our own State and field of activity. Consequently, as I speak to you, you must realize that I am using Wisconsin not because we think we have reached the ultimate, but rather to relay our experiences as concrete examples with which I am most familiar.

I would like to mention the program known as the Wisconsin Minimum Milk Standards and point out how they were originally developed, and the success that has been achieved as a result of trade group participation.

These standards are the minimum quality standards for the production of sanitary milk and cream, both at the farm and plant level, covering everyone of our 130,000 dairy farmers in the State of Wisconsin.

The development stages cover a long period of time, including the war years. The needs for this program were great. Even as the Nation's greatest dairy State, there was much to be desired in the way of quality milk production. Milk was not always being handled in modern milk houses on every dairy farm, and it was not being transported in all cases in covered vans. These are only two of the many requirements that are now being fulfilled under this program.

The fundamentals of this plan came from the dairy industry itself. The Wisconsin Dairy Federation served as the advisory group to the Department, as well as one of the many groups who were influential in creating legislation. In other words, we of the Department wanted to do what was best



for the total industry and felt that this would be the manner in which it could best be achieved.

The College of Agriculture, both through its research staff and extension service, worked hand in hand with the State Department of Agriculture and the dairy industry in developing this requested quality program, and in carrying out the excellent educational job which followed.

Hundreds of meetings were held with dairy producers and, of course, with dairy processors who, in their own right, did a great amount of work in smoothing the way for this program. I am sure that all groups now look with pride on the achievements as we near the fifth anniversary of this important stepping-stone to better quality Wisconsin milk.

The Wisconsin brucellosis program could also be used as another illustration of how, with good working relations with many groups, an important and influential agricultural program can be developed, introduced, and activated on a State level. While totally different in content, the approach is still the same: (1) The advisory committee representing producer, processor, State organizations, etc.; (2) the constant counsel with this advisory committee, as well as the continued influence this committee and its members may exert in making such programs a reality; and (3) the same type of educational approach to all concerned.

While these two examples are not related directly to the field of marketing which we are discussing here at the Workshop, I have cited them as typical examples of the development of splendid working relationships among all concerned--producer, processor, and industry--toward getting the ultimate job done. This is essential and I believe can well serve as a pattern for our consideration in creating the smoothest trade group relationships.

I would now like to become a bit more specific as to the relationships that exist not only in Wisconsin but in most other States regarding the gathering of statistical information which is the peg that ties together the basic material needed by all trade groups in setting up both buying and merchandising programs. I refer here first of all to our Crop Reporting Service and collection of basic data. Information on prices, production, and movement of farm products is collected yearly, monthly, weekly, and daily, depending upon the commodity. Our crop reporting services have developed the kind of relationships that we are discussing here today. Farm crop reporters serve well in bringing this information from the grass roots producer level. Dairy plants in Wisconsin, corn processing plants in the Corn Belt, our great milling companies serving the wheat industry, the cotton processors of the South and the West, the fruit people of the great fruit industries of America are only but a few of the processing trade industry who cooperate fully in providing this basic data. They see a need for having accurate information. They use the compiled data extensively in their work and as a base for their operations, which include huge financial outlays.

This, my friends, is one of the best examples that I can leave with you. Our responsibility in State departments of agriculture and U. S. Department of Agriculture is to provide trained personnel with the tools to do the job in making this collected information available in publication form, interpreted, and presented in such a way that it is readily usable and accurate. This, I am confident, is being done.

Let me cite another clear-cut example of mutual activity for the benefit of trade groups. I am now referring to the Market News Service whereby trade groups report weekly, daily, yes, hourly, on market prices and other market information which is so necessary and which needs immediate distribution to points across the Nation. This, the Federal-State Market News Service is providing. There is no need for detail nor further discussion of this because everyone here is well aware of both the need and the splendid cooperation which exists.

I would like to submit to this group at this time what I feel to be one of the greatest steps forward toward the development of better relationships between trade groups and public agencies for improving marketing conditions.

I refer to the Research and Marketing Act program which includes research and extension as well as the market service programs of State departments of agriculture. This relatively new approach to our marketing problems was long overdue. The future of agriculture depends on an efficient and effective marketing program. Research, education, and service assistance is the key. We in Wisconsin have availed ourselves of the cooperative program with the U. S. Department of Agriculture and feel that great strides have been made.

One of our key projects under this program is gathering, assembling, and publishing basic data relating to special crops, industries, or agricultural conditions through our State statistician's office in Wisconsin. I am proud of the job that our people have done in this field, and I suspect that many of you are familiar with the publications which bear out my conclusion that we have been successful.

But we in Wisconsin have gone further in the field of market service activities. With over 50 percent of our income derived from the sale of dairy products, quite naturally that field would receive a large portion of our attention.

I am sure everyone here is well aware of the fact that the dairy industry operates on very narrow margins. We have many small dairy plants in our State. Each one operates as a distinctly separate private enterprise--many of them are splendid farm cooperatives. Yes, we have some 1,800 dairy plants, over half of which are cheese factories. Permit me for a moment to boast about our cheese industry which produces about one-fourth of the entire cheese production of the world. That also represents approximately one-half of the cheese produced in the entire United States.



I hope you will enjoy a little of our flavorful cheese here today.

For some time I am afraid that many of us, at least in our area, considered the distributor, and perhaps the wholesaler, as just another middleman. Not until our Department began working with all phases of the marketing channel did we fully realize the importance of the distributor group in accomplishing the total job of putting quality agricultural products on the consumer's table at a reasonable cost. We had all seen good constructive improvements made at the production and processing level, but we were unable to observe the results of these achievements on the marketing and retail channels.

One of the relatively new developments in the marketing and promotion work of our Department started just a few years ago. It is the one we refer to as the Wisconsin Cheese Week Promotions. Prior to this time we knew that Wisconsin cheese did enjoy an enviable reputation. We felt, however, that this was not always capitalized on as fully as possible by the distributors and retailers. We, therefore, attempted to develop a program that would encourage greater interest in this and other of our dairy foods.

If I were to put my finger on any one main reason for the rapid and successful development of this program, it would be that instead of presenting a cut and dried plan to retailers our Department solicited the complete cooperation of all interested parties in developing the program. Long before the first campaign was ever released, two large national retail grocery chains and the well-known national cheese distributors had been made a part of it.

It was then their program and they, as much as our Department, were anxious to make it a success.

These cheese campaigns are a promotional service to retailers and suppliers of Wisconsin cheese designed to benefit the entire cheese industry of our State. Briefly, the campaigns consist of an extensive merchandising, advertising, and over-all promotion program in a selected metropolitan area. The importance of emphasizing the word "Wisconsin" is, of course, stressed.

That all-important trade group--the retailers--benefits greatly. Sales in one of their most important departments, the dairy department, are increased considerably. It is true that they are interested in increased sales, but they are also interested in supplying a quality product to their consumers. This, of course, we as a State agency watch closely as we work with the processor, distributor, and wholesaler, as they supply their retail outlets with Wisconsin cheese and other dairy foods.

Considerable assistance is being given by our dairy marketing specialists as they work with retailers handling dairy foods. Likewise, merchandising aids, such as display kits and demonstrators, are supplied upon request.



Because of the success of this fine working relation with retailers of the Nation, we are pleased to report that in addition to our cheese campaigns our Department is now working with several independent and chain groups on promotion campaigns for other dairy products.

While the great consuming public may not be considered a trade group, we all know of the importance of good working and public relations with consumers.

We have found this group seeking basic information on products. Consumers are anxious for information on grades and how to buy intelligently and are constantly on the lookout for new uses of all of our agricultural foods.

In attempting to gain a greater insight into consumer thinking, we have added to our regular State Department of Agriculture staff two nutritionists whose work is to present important product information to the consuming public by television, radio, and the press and, of course, through actual demonstrations. This is a promotional service program rather than the usual educational type activity.

We now have a new butter-grading program in Wisconsin, which requires all butter sold at retail to carry a consumer grade label. This offers a new and challenging opportunity for our marketing and promotion staff to promote the sales of quality butter. This is another service to both the industry and the consumer.

Another of our Wisconsin programs to develop department-trade group relations has been in the field of potato marketing.

Considerable work has been done in Wisconsin on the improvement in the quality of our State potatoes. Just recently, we in the Department, in cooperation with other groups in the State, including the University, have attempted to do considerable work in developing consumer acceptance of our potatoes. It is true that we offer the regular State-Federal inspection service, but we soon realized that more was necessary. Idaho has done a good job of selling its potatoes to the consuming public. I am afraid that certain potato interests in Wisconsin and elsewhere have occasionally ridden on the laurels of the Idaho potatoes.

In working with this trade group, the distributors of our Wisconsin potatoes agreed that unscrupulous marketing techniques were not necessary; that Wisconsin potatoes, if uniformly packed and accurately labeled and graded, can command response on the market.

Last January and February, we set out to prove this with a program which is now known as the "Wisconsin State Brand Potato Program." In the test market of Madison, Wisconsin, the sales of Wisconsin potatoes in a uniform inspected and labeled pack were increased 25 percent. The sale of competing brands decreased almost proportionately.

Through this potato program, our Wisconsin cheese promotions, and other commodity marketing work, we have learned that good working relations with the distributors of our agricultural foods can be developed if they are informed of the problems faced by all trade groups and of the merits of sound marketing.

Other trade groups with which we in Wisconsin have developed very splendid working relations have been in the tobacco industry. Much concern has been expressed in years past over the need for better understanding between tobacco producers and tobacco buyers. Information was needed regarding prices, grades, buying techniques, and the general tobacco marketing structure. Here again cooperative work made possible through AMA has brought about harmony in this industry. Research work has been conducted by our University College of Agriculture. A grading service and a market news service were established by our Department. The spelling out of a general code of ethics has contributed to good relationships. These were all brought about by sitting down with both producer groups and buyer groups (together and individually) to determine their problems, and to reach a common understanding. The success of this program has been most gratifying.

I could go on and cite many more examples in Wisconsin. However, I am sure that many even better examples of splendid working relationships between public agencies and trade groups exist throughout the length and breadth of the land.

In summary, I will make seven suggestions which our experience, and I believe commonsense, indicates are the criteria for successful relations with trade groups:

1. Anticipate new and changing services that can be rendered;
2. Solicit the cooperation of each trade group in developing the particular new service;
3. Make the group an integral part of any plan;
4. Be sure the total facts are presented to the trade group, and that this group realizes, in a concrete way, benefits that can be derived by their own group as well as their allied groups;
5. Be sure the program is flexible enough to incorporate continuous changes that may be recommended by the trade group;
6. Follow up all services and activities with adequate reports, stating the gains that have been made and specific benefits which have been derived for all concerned; and
7. Producer participation in most cases is an absolute must in developing satisfactory working relationships with trade groups.

As a closing remark, please let me extend to each and everyone the challenge that we must continue the development of satisfactory working relationships with all trade groups. We must continue to expand our marketing, merchandising, and promotion activities for the strengthening of old markets and the development of new markets. The ultimate results will benefit producers and consumers along with our allied trade groups and provide a finer standard of living in America.

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DEVELOPING WORKING RELATIONS WITH TRADE GROUPS

Ray A. Higgins  
Store Operations Specialist  
Super Market Institute  
Chicago, Illinois

It's a pleasure to talk to this fine group. Perhaps we can find some answers to an important problem--one that is important both to the food industry and to research, extension, and service workers--"Developing Working Relations With Trade Groups." Before you can do the most effective job you can in trying to accomplish the objects of the Research and Marketing Act, you must develop better working relations with trade groups.

In the next few minutes, I hope I can:

1. Make you aware of this fact,
2. Give you a clearer picture of what trade groups like Super Market Institute do, and
3. Persuade you to start now in developing better relations with the trade as it relates to your own work,

You are engaged in the collection, analysis and dissemination of marketing information. You function as a "vehicle of communication." The trade associations came into existence so the individual members could mutually share experiences, ideas, and information. Trade groups, likewise, function as "vehicles of communication."

Yet, with few exceptions, we in trade associations are not kept informed of your work. Isn't it a paradox that these two institutions--both of them vehicles of communication whose business is communication--do such a poor job of communicating with each other?

What have you done recently that is of interest and value to food store operators? Could you have produced more effective results if you had closer contact with more food store operators? When you do have something the industry needs to hear about, do you get your message across to a maximum number of people who can do something about it? Is your information put in a form that store operating personnel can easily understand? Are the results of your work presented at trade conventions; association meetings; in the trade press? Do a large portion of the nation's food handlers quickly act on your recommendations?

From the lack of information reaching us at SMI Headquarters, apparently very little food store marketing work has been done in the past few years by the experiment stations, by the extension services, or by the state departments of agriculture. Several branches of the

USDA, however, have done a good job of keeping us informed. For example, one Branch sends us carbons of research reports before they are published to get our suggestions on how to make them more effective. As a result, they have been made a part of our meetings several times.

That doesn't mean that we want to be flooded with reports like "Hog Cholera in a Southern Illinois County," or similar reports that have no bearing on the super-market business. We get enough gobbledy-gook as it is. But you could do these things:

1. Send each trade association information and materials on those things food store operators are interested in. Start early in the life of your research project. I stumbled across a research project Ohio State University is planning which we would be most interested in knowing more about--yet all we know is what I learned when I paid a social call to one of my former professors.
2. Present your research results and marketing information in the clearest possible manner. Take the technical jargon out of it before trying to present it to the trade. Remember that the purpose of your work is improving marketing and that the only way this comes about is by having people do something. The trade will not accept ideas that do not make sense to them.

### The Role of the Trade Association

Let's take a look at the role of trade associations.

There are local city or county retail grocers associations in most good-sized communities. These local associations can often be of great help to you and I am sure many of you have cooperated with them in your activities.

The state grocers' organizations offer another excellent means for you to reach the retail food trade in your state. Make as much use of these organizations as you can.

The three major national food retailer associations are: (1) The National Association of Retail Grocers of the United States (NARGUS), made up of independent food store operators; (2) The National Association of Food Chains (NAFC), made up of food chains; and (3) Super Market Institute. I will speak primarily of the organization I work with.

Super Market Institute is based on the supermarket idea--that of mass-merchandising, of large volume sales at the lowest possible prices, of complete, one-stop shopping, of self-selection. To become a member, one must operate a complete, departmentalized food store with at least the grocery department 100% self-service and total store sales of \$500,000 or more per year.



The one thing that astounded me the most when I left extension work and came with the Institute (and it continues to intrigue me) is the free give-and-take of operating information between members -- many of them direct competitors of each other. At meetings, members get up and quote their labor expense ratios -- their gross profit ratios -- their sales per man hour. They tell of ways they have found for lowering operating costs. Members are continually visiting one another's stores and warehouses, getting ideas to use in their own businesses.

Let me quote from a letter from a member, addressed to our Executive Director:

"Dear Mr. Parsons:

"Recently I discovered what it really means to be a member of the Super Market Institute. In January I called long distance from Cleveland, talked to Bill Nigut at SMI Headquarters, got terrific action, and in the next morning's mail I had in my possession the information I was seeking -- information on newly built warehouses and names of men who could help our company as consultants in warehouse layouts and methods.

"From the list, I chose Joe Mott's warehouse in Hartford, Connecticut, because it was identical to the size we had in mind. I telephoned Joe that same morning and left Cleveland, together with two of my associates, the same evening, by plane, for Hartford. The following morning at 10 AM we were in Joe Mott's office.

"To try to describe, in words, the treatment we received is impossible and inadequate. Joe spent the whole day with us and took us on a personal tour of his newly built warehouse. We got straight-forward answers from him all day. There was not one question I asked (no matter how personal to his business) that he did not answer to my fullest satisfaction. I came away with a feeling that I was really proud to be a member of an organization that had members like Joe Mott!

"If this was a sample of the Institute at work (members working with members) then here, truly, is an organization that lives up to and beyond its slogan - "that there may be more for all."

"Sincerely,

John Fazio, Secretary-Treasurer  
Fazio's Super Markets  
Cleveland, Ohio"

Slide #1 Growth of the Institute has been phenomenal. It is now made up of 692 member super market companies in the United States, Canada, Mexico, Hawaii and the Phillipines operating about seven thousand stores and doing a combined annual business in excess of six billion dollars.

Let's look at how this "vehicle of communication," the trade association, functions:



### Meetings

SMI holds three kinds of meetings for its members each year, a total of ten meetings in all: 1) Regional Managers Meetings for store operating personnel; 2) Top Management Meeting for top management personnel; and 3) the Annual Super-Market Convention, the "world series" meeting in the food industry.

- Slide #2 1) Regional Managers Meetings are held twice a year in four different areas of the country. These are training sessions for store managers, department managers and supervisory personnel. They are two-day shirt-sleeve working short courses in store operations. The 200 to 300 managers in attendance listen to speeches, watch demonstrations and take part in more than five hours of discussion.
- Slide #3 2) The SMI Top Management Meeting, each winter, is devoted entirely to problems of top management--such as expansion, financing, business outlook, labor problems, communications. This four-day meeting consists of discussion from the floor. Consultants on these top management problems--from Universities, financial institutions, business, etc.--are called in to take part in the discussion and to answer questions.
- Slide #4 3) The Annual SMI Convention brings together thousands of super-market operators, manufacturers and others from the food industry.
- Slide #5 Here, 558 manufacturers exhibit booths demonstrate the latest in equipment and merchandising in Cleveland's giant Public Auditorium.
- Slide #6 Seven thousand meals a day are served to convention delegates in this one room.
- Slide #7 In the same building, 3,000 store operators see the latest in store operating equipment and methods, in personnel practices and in merchandising and advertising presented on the stage of the Music Hall. Practical operating information is presented by dramatic skits, by movies and slides, by closed-circuit television, by speakers, by demonstrations and by panel discussions.

Besides the information that is brought out at the business sessions--in addition to the bringing together of manufacturers and operators in the exhibit halls--there is that all important exchange of information between individual store operators that takes place at meal time, in the hotel rooms, on the street, in small groups.

Those are the various types of meetings our trade group holds. Now let's look at some of the written communications of the Institute.

Slide #8 "The Super Market Industry Speaks", which is the most complete authoritative report on the industry, is published each year as a service of Super Market Institute. (Many of you are on the mailing list. SMI will send a copy to all who write for it.)

Slide #9 Nearly 400 companies operating 3,500 stores contributed details on their operations to this year's report. This report shows trends in the industry--on sales results, operating results, expansion, merchandise lines, store hours, advertising, sales per employee, extent of self-service by departments and a wealth of other information about the industry.

Slide #10 Complete proceedings of the Annual Convention are published.--

Slide #11 --as are complete proceedings of discussion at the Top Management Meeting. The information brought out at the Regional Managers Meetings on Produce were published in a Produce Handbook, and other Handbooks based on the Managers Meetings are being prepared.

Special research reports have been published from time to time, such as "Facts About New Super Markets." "A Plan For Cooperative Research" outlines in detail the concepts of a proposed industry program. It is available on the browsing table and I commend it to your attention. Participating In A Business-Education Day" is another publication of the Institute. These publications are primarily for members--but all are available to Universities, manufacturers and others in industry as a public service.

Slide #12 The "Store Managers' Guide" is one publication that is available to members only. One issue per month goes to over 4,000 stores and department managers.

Slide #13 This is a form of presentation that we feel most research results need to be put in if they are to get action from store operating personnel. They are addressed to the store manager, are illustrated, and stress the most important principles of good operation.

Slide #14 Text is brief, punchy and clearly worded.

Slide #15 These Store Managers' Guides call for action on the part of the manager.

Another publication, the SMI "Figure Exchange" is available only to those member companies which contribute their own figures. Detailed operating ratios are reported on sales, gross profit, labor expense, advertising expense, supply expense, store occupancy expense, heat, light and power expense, net operating profit, sales per man hour, and average hourly rates. These figures are broken down by departments, by size of company, and by region.



Every day, requests for information on various phases of super market operations come in from members and others in the food industry. These requests are run down and the best known information on the subject goes into the reply. For example, this may involve sending a dozen employee booklets to a member who wants to see employee booklets other companies have published.

Slide #19 The library at SMI Headquarters contains the major trade publications, research studies, clippings, etc. Major articles published in the Progressive Grocer, Chain Store Age and Super Market Merchandising have been reported in an "Index of Super Market Articles," published by the Institute. The library is available to teachers, manufacturers and others interested in the food industry.

End of Slides

SMI produces training films for its members, it has an advertising mat service for members. It sponsors "Better Living," a store distributed consumer magazine. Super Market Institute has its own house organ for keeping the members informed of SMI activities.

Perhaps you can see why I said that a trade association is a "vehicle of communication." To some extent it is an experiment station, extension service and university all rolled into one. Through our Regional Managers Meetings, Top Management Meeting and Convention--through the Store Managers' Guides, Figure Exchange, other publications and information services--through the sharing of information, member working with member--the Institute, like your own organization, is a "vehicle of communication."

Here is where we can help you multiply the effectiveness of the work you do in food retailing. Research results, reported at SMI Regional Managers Meetings or at the Top Management Meeting, or at the Annual Convention are put before the most progressive operators in the industry--the ones who try new things and whom competition is always trying to copy. It reaches them first hand, dramatically presented, where operators can discuss its practicality with other operators. The nation's trade press prints the reports in coverage of the trade meetings. The proceedings and handbooks are distributed to thousands of people in the trade. Other ways of getting results of research in food store operations to the members are through Store Managers' Guides and other publications.

Let me point out some examples of how some research, extension and service workers have used this "vehicle of communication" to advantage:

The Division of Markets of the Illinois State Department of Agriculture and the University of Illinois cooperated on a research project with one of our members. They developed a method of getting sweet corn into stores and sold the same day it was picked. This was reported by the super



market operator at one of the SMI Produce Managers Meetings. It was summarized in the SMI Produce Handbook and was picked up by the trade press. I know of dozens of super market companies, who have copied this new marketing method and are putting it to work.

When I was a marketing specialist with the Michigan Agricultural Extension Service, I persuaded the produce merchandiser of a large local chain to speak to vegetable growers at an extension meeting. I know that much of the information presented at this meeting by extension workers regarding the value of icing and precooling of sweet corn has been put to work by this produce merchandiser, and he has taken an active part in extension activities ever since.

Research results of the USDA on improved meat handling practices were presented at our Annual Convention and received far greater notice than it would have through the customary reports.

Another USDA research project was reported at the Convention by the SMI member operator in whose markets the research was done. The same presentation is to be given to store managers at the SMI Regional Managers Meetings this fall.

A Michigan State College Extension bulletin was mailed to SMI members and orders for 2,000 additional copies were received. While at Michigan State I was invited to take part in the first SMI Regional Produce Managers Meeting. I can truthfully say that I accomplished more in this one trade meeting than in six months of regular extension work.

The Alabama Marketing Extension Specialist spoke at an SMI Dairy Department Managers Meeting. So it can be done!

The point I am trying to make is this: Trade groups have facilities already set up for communicating with the trade. If you have something worthwhile, let the trade groups know about it. They will help you put before more food store operators. Develop working relations with trade groups! Start now!

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Presentation at General Session  
Wednesday Afternoon, September 1

AN ILLUSTRATION OF A COORDINATED MARKET  
INFORMATION PROGRAM

Lloyd H. Davis  
Associate Professor of Marketing  
Department of Agricultural Economics  
Cornell University

Our discussions in this workshop certainly emphasize the great variety of needs for market information among producers and handlers of the many agricultural products and the numerous ways we are meeting these needs. Situations in which market information may enable marketing firms to increase the efficiency of their operations are often complex, requiring action of several types and the attention of several agencies. In many situations the information needed is not readily available. To satisfy the need may require extensive research, perhaps continuing over a period of years, educational programs, legislative action and service work among the handling agencies. In these cases it is important for personnel of the several interested groups to work closely together in developing and supplying marketing information to meet the needs of the industry. A workshop can encourage a common understanding of problems and needs, and develop this team work.

The situation I shall discuss today is one in which there has been such a coordination and integration in a program to supply needed market information -- information about consumer preferences and demand and means that producers and handlers might use to satisfy this demand more effectively. Certainly this is not the only illustration of such teamwork. This is an illustration with which the author participated.

Market Information Was Needed

About six years ago a group of apple producers concerned about trends in their industry sought help in the marketing of their apples. In part their interest was due to the low prices they had received for a couple of years. Also they were a far-sighted group who had observed the declining per capita consumption of their product -- indicating that they were not satisfying consumer desires as well as the producers of some other products. Also they were aware of a confusion within the industry -- uncertainty concerning the best means to better satisfy consumers. They wanted market information -- information they could use in marketing their product to better satisfy their consumers, regain their competitive market position and thereby improve their returns.



As seen by the marketing specialists this was a problem situation where research and Extension could provide the information to enable the industry to increase its marketing efficiency. There were about as many recommended solutions to the problem as there were apple producers and handlers. Some said, "We should only sell the highest quality fruit," "It should all be packed in small cartons, in a cell pack." Others said, "consumers do not like our varieties, do not want a bruised apple." Some said, "We need a government program to push out part of our trees." Some producers condemned the handlers as the cause of their difficulty and some handlers pointed the finger at the producers. Each person had his own idea about consumer demand and how this could best be supplied. There was little unanimity among them. At that time apples were almost universally displayed in food stores in bulk displays, a remnant of merchandising in the "horse and buggy era" carried over to the "self service age." The marketing attention of the apple industry was centered largely on a reduction in apple bruising. The marketing research available concerning consumer preferences had been conducted mostly by interview, asking consumers about their apple preferences, and by other means that did not determine the behavioural pattern of consumers when confronted with realistic alternatives under practical conditions in the market place.

#### A Program of Research Was Necessary

Soon afterward a marketing specialist in research and another in Extension initiated work to provide information to meet this need. The marketing Extension specialist, working in close cooperation with the New York State Department of Agriculture and Markets, obtained information from a group of supermarkets in up-state New York to determine the quality and condition of apples upon arrival and on display under different display and storage conditions. This was helpful in analysing the importance of quality deterioration and merchandising practices.

The marketing research specialist decided that the basic question bothering the industry was one of how to provide the quality of product in the form that consumers would buy in greatest quantity. The researcher in consultation with the apple industry decided the first effort should be to determine what grades and qualities of apples best satisfied consumers, including investigation of the importance of apple bruising. Dissatisfaction with accepted techniques for measuring consumer preferences led to the use of controlled experiments in answering these basic questions.

Consumer reaction to bruised apples was measured in retail stores by offering apples with controlled and known amounts of bruising and observing consumer purchases. Through two seasons apples were systematically bruised to provide consumers with apples with a wide range of degrees of bruising. The researchers were careful not to create artificial situations in the stores, to maintain for the customer the usual range of choice among products. They were also careful to control other variables



that might affect consumer purchases. The controlled experiments on apple bruising were accompanied by a survey in which stores were visited periodically and counts were made of the number of bruises in the apples on display. This was to provide framework for evaluating the results of the experiments.

It was found that bruising had an effect on the volume of retail McIntosh sales except at the extremes of bruising. When bruising was severe sales declined and when apples were bruise-free sales increased but between these extremes the amount of bruising had no effect on sales. Also the survey revealed that nearly all apples on display were well within the range of indifference expressed by consumers in the controlled experiment. These data indicated that a greater part of the producers' effort should be redirected from the subject of bruising and called for a re-evaluation of research plans with less emphasis on the control of bruising and more on other aspects of consumer preference. This project and the previous work suggested that merchandising practices used in retail stores affected the satisfaction of customers.

In the fall of 1950 controlled experiments were used to study apple merchandising. Sixteen merchandising practices were tested, including the display of highly colored apples, the display of bruise-free fruit, a reduction in price, some variation in apple size, window displays and other promotional material such as window streamers, and the size of the display. Also included in the tests were bulk displays compared with prepackaged displays and displays combining bulk and prepackaged fruit. The importance of the pricing unit was investigated along with different sizes and types of packages.

The research techniques used in these experiments had statistical accuracy far greater than previously obtained in measuring consumer wants. A Latin square design was used in which the sixteen practices were systematically rotated among four supermarkets over a three-month period. There was an observer in each store. He recorded information about each and every customer coming into the store, noting apple purchases, other fruit purchases and other details that could be obtained by observation without interview. Only one variable was tested at a time and other conditions such as size of display, location of display, and advertising were carefully controlled.

While the results of the bruising research were at first accepted by the industry with scepticism, the later merchandising research gave the industry a new hope, a vision of the possible accomplishments of marketing research and glimpse of what might be accomplished by improved marketing of their product. The study provided considerable useful information about the characteristics of the apple customers. The results that impressed the growers and were of immediate use to the industry were the data showing the reaction of customers to different types of apple display. From a display of bulk apples shoppers bought eleven

pounds, per one hundred customers when the fruit was priced in terms of two pounds, and thirteen pounds per one hundred customers when it was priced in terms of four pounds. From displays containing only four pound cellophane bags of prepackaged apples shoppers bought eighteen pounds per one hundred customers. But the shoppers reacted most favorably when the bulk and prepackaged apples were offered together, buying twenty-three pounds per one hundred customers when four pound polyethylene bags were used for the prepackaged apples. Of almost equal importance was the size of the unit in which apples were packaged and priced. When a combination display was used with a two pound unit sales were thirteen pounds per one hundred customers and when a six pound unit was used sales were twenty eight pounds per one hundred customers. By changing from the generally-accepted bulk display to a display combining bulk apples with prepackaged apples in six pound polyethylene bags and priced in terms of six pounds it appeared that stores could more than double their apple sales and have better satisfied customers.

Because of the size of the job of effectively presenting these research results to the mass of chain and independent retailers, the extension economist in marketing assumed responsibility for taking these results to people who could use them. A small staffer was prepared to briefly summarize the merchandising suggestions. About 100,000 copies were placed in apple boxes by a group of cooperating apple producers, in hopes that operators of retail stores would read the research results and try the merchandising techniques. More conventional mass means of reaching large groups were used, including radio talks and articles for the popular press and publications of the retail trade. The extension economist visited the management of a number of retail food chains, personally presenting the research results to them and encouraging them to try the new merchandising techniques.

These efforts met some enthusiasm but also in many firms a reluctance to change. It has been observed that in each city and each market there generally is a retail firm exerting a strong degree of leadership, a firm that sets the pace, that is carefully watched by the operators of competing supermarkets. Such a firm can influence merchandising in large numbers of stores. The extension economist sought to convince such a leader to use the new merchandising practices realizing that once started in this way change could spread through the food industry, fanned by competition, like fire through a field of grain. A group of stores of a large chain exerting considerable leadership in the area was selected for a demonstration. In half the stores the recommended display was used. The other stores continued to merchandise apples in their usual way. After six weeks the two groups of stores were reversed. Customers reacted to these displays just as they had to displays in the controlled experiments. The management of this chain was convinced that the researchers had something and very quickly made changes in their merchandising practices over a large area. As was expected, they were quickly observed by competing firms and these firms were encouraged to seek more effective merchandising practices. Influenced also by leading producers who had been impressed by the researcher's reports, other stores adopted some of the merchandising practices recommended.



The demonstration, conducted over a twelve week period, also indicated that the results could be expected to hold up over long periods. The extension economist found a reluctance on the part of store personnel to prepackage apples in the store and found that they were having difficulty in using labor efficiently packing apples at the store level. These observations encouraged producers to consider the possibilities of prepackaging apples at the farm and encouraged the development of equipment to facilitate the packaging operations.

The research and extension marketing personnel recognized that the research job was not complete. More data were needed to determine whether the increased sales were temporary or could be expected to continue. Since the first year's results were obtained in rather small supermarkets in small cities, it seemed desirable to determine whether similar results could be obtained in larger stores and in larger cities. The first year's results had indicated that polyethylene was a superior packaging material but it seemed desirable to test consumer acceptance of apples packaged in a variety of other available materials. More information was needed concerning the effect of the size of pricing unit on apple sales. Tests the first year had included nothing larger than a six pound unit and this unit produced highest sales. What would happen if large units were used? Also questions were raised concerning the most effective location for apples within the produce department. In the fall of 1951, research was conducted to find answers to these questions.

The tests conducted during the fall of 1951 substantiated the results obtained the previous year. There was no great difference among packages that give customers a view of the contents. Contrary to the expectations of many in the retail trade, customers did buy eight and ten pound bags of apples, but maximum sales were obtained when the six pound unit was used. Since most people can spend their dollars only once it was expected that increased apple sales might result in compensating decreases in the sales of other fruits. It was found that increasing McIntosh sales one dollar by improved merchandising resulted in an increase in total fruit sales of about fifty cents. Only about half the increased sale of apples replaced sales of other fruit.

While producers, their organizations and the research and extension personnel were encouraging retailers and producers to apply the results of the research, another difficulty was encountered. State law enacted before the day of polyethylene bags required that closed containers of apples be marked to indicate the name of the packer, variety, grade and size. The six pound polyethylene bags were considered to be closed containers and were therefore covered by this law. Retailers and their personnel were not trained in apple grading, were not competent to guarantee that the apples within a given package met the grade specifications. When, in the fall of 1951, the law was enforced on these packages retailers became reluctant to pack apples in consumer containers. Leading growers and retailers realized that consumers buy fruit according



to the quality they see and not the grade stamped on the package. Quickly the industry organized to modernize the law. Apple growers through their organizations and with the help of retailers, marketing specialists and the State Departments of Agriculture took their problem to the legislature. Quickly the legislature of 1952 amended the apple packaging law to permit the sale of apples prepackaged in the store without the grade and variety markings required on the other closed packages -- thus removing one of the institutional barriers to progress.

With the second year of research further substantiating and refining the data, an intensive extension program was continued to encourage producers and retailers to modernize their apple merchandising practices. Both research and extension personnel participated. The research results were discussed with producers in many sections of the country and with groups of retailers on the national state, and local level. As the previous year, these efforts included articles, radio talks and personal conferences with management of the retail chain firms. A folder was prepared to briefly present the merchandising recommendations to stores and 8,000 copies were distributed. Another new device was tried. The extension specialist prepared a group of colored slides pictorially describing the new apple merchandising techniques and presenting the results. These slides, accompanied by prepared notes for a talk, were offered for sale at cost to other extension specialists, State Departments of Agriculture and markets, chain organizations and others who might be interested in helping improve merchandising methods. During the fall and winter as the research and extension progressed a weekly release of "apple observations" was prepared for people interested in apple merchandising. This was so well received that similar releases have been prepared in connection with other research. The research results were reported to package manufacturers and equipment manufacturers, recognizing that many of these people could be benefited by the application of the merchandising practices recommended and therefore would actively encourage the use of these merchandising practices.

This combination of research and extension brought greater results each year. During the fall and winter of 1952-53 data obtained as a part of a study of the rate of apple movement in retail outlets revealed that in up-state New York from sixty to seventy percent of the apples sold in retail stores were in film bags and that many retailers were including bulk apples along with the prepackaged displays.

You will remember that during the fall of 1952 apple prices were considerably higher than they had been during the previous two years. Some retailers said our modern displays were excellent in low price years but few consumers would buy six pounds when the unit was priced at seventy-nine cents. With this hypothesis in general acceptance, retailers were insisting on two, three or at most four-pound bags. Recognizing this as an impediment to the greater use of the new merchandising practices and an area in need for exploration, the research and extension workers pooled their resources to test these merchandising practices

again in the same stores where the original research was conducted. With retail apple prices at nearly twice the level of previous years the consumers continued to buy a greater quantity of apples when they were in a combination display with the prepackaged apples in six pound polyethylene bags. As soon as the tests were completed, this information was reported quickly to producers and publicized through mass media. Almost immediately we were able to observe through the rate of movement study an increase in the size of unit offered and an increase in apple sales.

The greatest resistance to the use of the new merchandising methods was encountered in New York City. Because of this the extension economists arranged with a leading food chain in New York City for a limited test of several merchandising practices in the fall of 1952. This was conceived and planned as a demonstration with limited objectives and using methods providing less control of other variables compared to methods used in the experiments. Conditions encountered were somewhat different than those anticipated and the results were inconclusive. The experience contributed to the program by indicating the need for research conducted under conditions existing in the largest cities.

The results of the New York City demonstration, the lag in adoption of these merchandising practices there and in some other large cities, and the importance of these centers in food consumption lead to merchandising research in a large city - Pittsburgh. In the fall of 1953 a cooperative research project between two state colleges and the U. S. Department of Agriculture was conducted in Pittsburgh to test the application of the previous research there and to explore other merchandising practices offering possibilities for further improvement.

As these latter stages of the research have been conducted the extension program has continued. Research results have been presented to growers and distributors in a variety of forms. Both the research workers and extension specialists have taken an active part in presenting the results to retailers in New York, in other states, and on the national level. Research, extension and service workers in some other states, recognizing the value of the research, have each helped present the research in their areas. Producer organizations have taken an increasing role in urging food retailers to modernize their apple selling methods. Also many individual producers now prepackage apples in film bags at the farm and have been very effective in encouraging retail stores to offer these apples.

One of the problems producers encountered was the need for master containers adequately protecting the product in the trade channels. Several producers in cooperation with package manufacturers developed master containers and tested them in their operations. The results of these experiences have been recognized by other producers who have adopted the packages found more successful. Methods of packaging making possible an efficient use of labor quickly attracted the attention of equipment manufacturers and leading producers. During the last four years there have been numerous developments in this area that have encouraged more people to prepackage apples in film bags.



The accomplishments of this program have been numerous and widespread in their efforts. It has been the moving force behind a modernization of apple merchandising that has benefited producers, distributors and consumers. Today if you ask operators of supermarkets almost anywhere in the United States how to sell apples you will hear over and over again that they have greatly increased their apple sales by offering apples pre-packaged in film bags along with the bulk fruit. There is scarcely a commercial apple grower who hasn't heard the story of better merchandising.

Significant though these results have been researchers and the leaders in the apple industry recognize that the job is not complete, that the merchandising methods now recommended are not the ultimate in efficiency, that they are far from universally used, that all the marketing problems of the apple industry have not been solved. They see this as only the beginning. Through these changes the way has been opened for further development. Better merchandising practices may yet be found, in fact, must be sought in order to stay ahead of adjustments which seem certain to be made in apple production and in the merchandising of competing products.

The results have been more far-reaching than their immediate effects on the apple industry. The research techniques, setting a new standard for precision in marketing research, have been adopted by many researchers in modified forms in agricultural marketing and in industry. The results accomplished with these techniques have contributed also to a further search for better techniques by other research specialists.

Many have reasoned: if more apples can be sold by these merchandising practices, how can the principles illustrated here be applied to the merchandising of other products? While I can't document the observation it appears that changes in the merchandising of apples have encouraged merchandisers to seek new methods and try new ideas in the merchandising of other foods and that this has resulted in some over all general improvement in the merchandising of perishable agricultural products. As producers of other commodities have witnessed the revolution in apple merchandising they too have become aware of opportunities to better satisfy their consumers. These groups have sought assistance through marketing research and have tried new ideas on their own.

The research program, sometimes referred to as one of the more significant jobs in research in the last decade, certainly has been an illustration in persistence, an illustration in the building of fact upon fact, project upon project until final success and accomplishment. It has been an illustration in the importance of developing and using research tools suited to the job at hand. It also has been an illustration of the importance of a questioning, objective approach to a marketing problem.



The industry and their representatives, the research, extension and service workers, together attacked a need for marketing information. The final results in improved service to producers and consumers through market information is an illustration of accomplishment through coordinated action by experiment stations, extension service, State Departments of Agriculture and markets, growers, grower organizations, and the United States Department of Agriculture -- related groups and agencies with an unselfish interest in helping solve an industry problem.

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Presentations at General Session  
Thursday Morning, September 2

CONTRIBUTIONS OF PRIVATE MARKETING AGENCIES  
IN SUPPLYING MARKET INFORMATION

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Since only 25 minutes have been allocated to me to present my views on this rather broad subject, I shall fortunately have to forego any statements regarding my inadequacies to deal with the topic assigned. Still, I think it necessary to indicate at the outset that my treatment of the subject matter represents only one point of view. I am not certain that some of my associates in the marketing research field would necessarily concur with some of the statements I am about to make.

Definition of Terms

Before proceeding further, it is necessary to define at least two key words or terms. Unless this is done, considerable confusion is apt to occur. Thus, we need to define what is meant by the word, "contribution" and by the term, "private research agency."

The word "contribution" can, of course, be used in either a positive or negative sense. It depends upon what is being contributed to. To assume that the contribution made by private marketing research agencies is negative is equivalent to saying that marketing research is in itself sometimes of negative value. That such a view is not unconceivable, I refer you to a provocative article by John Jeuck, Dean of the School of Business of the University of Chicago, entitled "Marketing Research - Milestone or Millstone?"<sup>1/</sup> In any event, we shall use the word "contribution" in a positive sense with special reference to its value in helping to solve the marketing problems facing a firm, an industry or some segment of the economy. If such a contribution can be made, then it follows that the resources of the economy will be more efficiently utilized. However, all this is not to suggest that the contribution made by private research agencies is as great as it should or can be, or that alternative uses of the funds allocated to these agencies might not, under certain circumstances, be put to better use. I want to comment on these matters later.

<sup>1/</sup> See John E. Jeuck, "Marketing Research - Milestone or Millstone?" Journal of Marketing, April 1953, pp. 381-387. Also see Ralph Westfall, "Marketing Research - Milestone or Millstone? - A Reply," Journal of Marketing, October, 1953, pp. 174-177.

For purposes of our discussion, the term "private research agency" covers only those firms whose major product consists of marketing research; further such a firm is profit oriented. These two criteria eliminate from our consideration the following types of agencies who are engaged in doing marketing research work:

1. Research departments of such economic units as manufacturers, wholesalers, retailers, advertising agencies, and cooperatives.
2. Federal, State, and municipal agencies.
3. Media, such as newspapers, magazines, and radio and television stations and networks.
4. Bureaus of Research, or their equivalent, which are located at both private and State universities and colleges. This category would also include those research groups which are associated with various universities and colleges such as the Survey Research Center at the University of Michigan and the National Opinion Research at the University of Chicago.
5. Non-profit organizations such as foundations and trade associations. This category includes such research activities as those engaged in by the Audit Bureau of Circulation and the Bureau of Research of the ANPA.
6. Last, and probably least, professors of various capabilities who, like the marginal firm, are in and out of the market.

The objectives of this talk are as follows:

1. To discuss briefly the types and kinds of marketing data provided by the private marketing research firms and the kinds of marketing problems such data should be helpful in solving. In preparing this assignment it seemed advisable to discuss a few such firms since only in this way could their contributions be readily visualized. Such a procedure means that inevitably some firms are discriminated against by either being included or excluded in our discussion.
2. The general limitations of such firms.

It must be made clear that it is impossible, in the time available, to do an adequate job of discussing the contribution of private research agencies. About all that can be done is to paint with rather broad strokes. Certainly, a detailed analysis is impossible.



### Classification of Private Marketing Research Firms

Because of the lack of homogeneity existing within the industry, it would not be correct to ascribe certain characteristics to all firms. Therefore, the following classifications will be discussed individually:

1. Firms providing continuous data - Such firms typically provide continuous marketing data which are sold on a subscription basis. While such firms often do other research work, the bulk of their sales -- as well as their reputation -- comes from their continuous data service. There are two general kinds of information which these firms tend to specialize in disseminating; first, advertising research data and second, purchase rate data (mainly with reference to products which are sold through food and drug outlets).
2. Survey firms - This category includes the "one shot" project firms and can be divided into three major divisions as follows: (a) those that tend to specialize within a rather general area (such as motivational research); (b) those that can be termed "generalists" since they will do nearly all types of marketing research; and (c) the functional specialist such as the firm which does only the field work. The word "survey" simply implies data collection and, thus, eliminates firms which act primarily or solely as consultants.

There is considerable overlap between these classes, but such is not an important disadvantage for our purposes despite its being academically untidy.

### Contributions of Firms Providing Continuous Data

#### Advertising Research Firms

In 1952, over 7 billion dollars were spent on advertising. <sup>1/</sup> Even the size of this expenditure doesn't fully explain the importance of advertising as a part of the American marketing scene since many sellers literally survive or fail based on the degree to which they learn to harness the power of advertising.

Advertising research firms tend to be divided into two types; first, there are those which have to do with evaluating the advertising copy, and second, those that have to do media selection.

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<sup>1/</sup> Printers' Ink, October 23, 1953, pp. 28-29.

Copy Evaluation - An outstanding innovation in this field has been the development of the Gallup-Robinson Impact Service which is currently being used to test advertising appearing only in mass circulation media (such as national magazines and newspaper supplements).<sup>1/</sup> Their findings are based on a sample survey involving some four steps:<sup>2/</sup>

1. Determining if the respondent is a reader of the magazine.
2. Obtaining a "proved name registration" by requiring the respondent to identify from cards bearing the names of advertisers appearing in the magazine the ads recalled.
3. Determining the extent of penetration of the sales message.
4. Determining whether this was the first time the respondent had seen the ad.

Probably the most important contribution of the impact method is the determination of whether the respondent can "play back" the advertising message. Essentially a play back is a report from the respondent regarding what he remembered about a specific ad. It is valuable in ascertaining whether the advertiser was able to get his message across to the customer. Using this method, it has been found that in some cases only a few percent of the respondents play back the ad while with others up to 50 percent recall the ad correctly.<sup>2/</sup>

The contributions of the impact method are that it offers a new concept of testing the effectiveness of advertising copy. It is important to note that at least one researcher has worked out a modification of the impact method which permits an advertising agency to pre-test its advertising copy at nominal cost (Gallup and Robinson post-test the ads).<sup>3/</sup>

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<sup>1/</sup> See Ralph M. Hagen, "Advertising Impact Research," Michigan Business Papers, November 27, May 1953.

<sup>2/</sup> Ibid.

<sup>3/</sup> For a detailed discussion of this modification including the presentation of numerous results and complete with a statement of limitations, see Richard D. Crisp, "A Case Study in Copy Research." This is a mimeographed booklet. The author is Research Director of the Tatham-Laird Advertising Agency, Chicago, Illinois. See also Richard D. Crisp, "A Case Study in Copy Research," Journal of Marketing, April, 1953, pp. 347-356.

Daniel Starch and Staff is a firm which specializes in conducting readership studies. The purpose of this service is to determine the extent to which a particular ad is seen and read and how the ads of one company compare with those of competitors. At present Starch covers every issue of some thirty-three consumer magazines, five leading daily newspapers and seven leading business papers.

Readership studies are designed to measure the interest and attention obtained by advertisements and consist essentially of showing a respondent a copy of a specific magazine or newspaper and asking the respondent to indicate what ads were read. The difficulties encountered in using this type of research method are:

1. It is based on the assumption that the respondent will indicate only those ads which were seen or read.
2. The respondent may confuse the specific ad with a similar or identical ad seen in other media or in previous issues of the media being studied.<sup>1/</sup>
3. The biasing effect of respondent fatigue (visualize taking a respondent through a copy of Life Magazine page by page).<sup>2/</sup>

Despite these limitations, readership studies have and are being used extensively. Through continuous use of such data certain patterns can be uncovered which relate to the characteristics of ads needed to obtain attention and interest. At the very minimum such a method provides a more objective rating of the ad than is likely to result if the copy writer is left to his own subjective evaluation.

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1/ For a description of a procedure to correct confusion and exaggerated replies, see Darrel B. Lucas, "A Rigid Technique for Measuring the Impression Values of Specific Magazines Advertisement," Journal of Applied Psychology, 1946, Vol. 24, pp. 778-790.

2/ Lucas and Britt on this subject state: "It has been pointed out that slight changes in the interviewing technique may cause at least twice as many people to have seen an ad .... Likewise, it can be shown that the location of an advertisement in an interview influences the size of claimed audience as much as, or more than, its location in the original publication." See Darrell B. Lucas and Steuart Henderson Britt, "Advertising Psychology and Research," McGraw-Hill, New York, 1950, pp. 506-507.



Media Selection - A number of firms specialize in providing continuous data which are helpful in selecting media. The Nielsen Company has developed an electronic recorder, called the audimeter, which can be attached to a radio or television set without interfering with its normal operation. It records, on a tape, when the set is "on" and every time a program is changed. All of this is keyed to time periods, so that a continuous "sets-in-use" rating can be obtained. Nielsen has a national sample of some 1,500 homes which provides program ratings and a minute-by-minute flow of audience. The latter makes it possible to determine the cumulative audience for a single program. This service provides objective data in that it relies on mechanical observation, but it does not necessarily indicate listening.

The Pulse organization uses the roster recall technique to obtain radio and television ratings. This is an aided recall method which employs field interviewers. The interviewing is done shortly after the particular time period (usually four hours) to be measured has been completed. A list (roster) of programs, by quarter hours, is used to facilitate responses. The ratings obtained are dependent completely upon memory and this is probably its greatest limitation since less popular shows may be discriminated against.

Recently Starch has developed a new service which describes the characteristics of households receiving specific magazines either through subscription or single copy purchase. This service also describes the characteristics of the readers within these households. Pass along and library circulation are not measured. The service is designed to be used in cooperation with ABC data and enables the user to compare the characteristics of the audience of one magazine versus that of other magazines.

#### Purchase Rate Data Firms

There are two well known firms which collect continuous purchase data -- the A. C. Nielsen Company and Market Research Corporation of America (formerly, Industrial Surveys Company). Both firms tend to specialize in measuring the consumer sales of those products which are sold via food and drug outlets. Nielsen accomplishes this by auditing a sample of retail stores while M.R.C.A. has a panel of households. Since these firms employ a more or less static sample, detailed analyses of net changes are possible. For example, in launching a new product, the seller is especially concerned with obtaining information which will tell him whether stores are restocking his product and whether consumers are developing any brand loyalty. His introductory advertising, price "deals" and/or direct selling push may be successful in obtaining distribution and in getting the consumer to try the product. Unless, however, he can develop repeat buyers, he will ultimately face declining sales and a losing proposition. Both Nielsen and M.R.C.A. can provide much useful data on this problem since through the use of a static sample they can compare and link the activities of certain stores or households at one point in time with another point in time.

The following more important types of information are available from both organizations:

1. Total commodity type sales and geographical patterns - Such data are especially important in two respects. First, they deal with sales and not production shipments or "assumed disappearance." Since there are often a number of agencies intervening between the producer and the consumer, the impact of a change in demand may not be felt at the producing level for several months. Such a delay often prevents prompt adjustments being made in the company's production activities and may require substantial marketing expenditures in order to move excessive plant, wholesale, and retail inventories. Second, total sales data are highly useful in setting market potentials. While there are various schools of thought on the merit of using total sales as such an indicator, certain companies have apparently used such information to allocate better their marketing resources. Thus, at the very minimum sales data - and especially geographical and city size sales data - should permit a better line-up of advertising and selling expenditures.

For Nielsen the total sales apply only to those made through food and drug outlets. For M.R.C.A. the total would apply to sales made through all types of outlets.

2. Sales of the various product types comprising the total product group - Because of the existence of various types of products (all of which are designed to accomplish the same end purpose), it is important for many firms to watch constantly the relative position of these different product types. Consumer sales data provide information which facilitates making certain product policy decisions. For example, if one product type is increasing at the expense of another, then the seller may decide to develop a "new" product. The tremendous growth in new products in the food field (citrus concentrates, ready mix flours and frozen foods are but a few illustrations) have made product-type information especially important.

The same advantages as cited above would apply to similar products selling at different prices.

3. Share of market for own product and major competitors (by total U. S., sales regions, and city sizes) - Share of market is about the best indicator of whether the firm is losing or gaining ground in its struggle for market position. Total sales of a company are not a good indicator since they fail to reveal what has happened to



the total market. Thus, total company sales may be increasing and yet the firm may be losing important ground because the total market is increasing at a faster rate. Knowing the trend of the market shares of the principal firms in the industry helps management better develop its over-all marketing strategy as well as evaluate the strategy of its competitors.

Each service has its unique advantages - as well as its limitations. These center mainly around the sampling units - that is, stores versus households. Thus, Nielsen can provide exclusive data on distribution, inventory, and dealer use of display advertising while M.R.C.A. provides data on the number and characteristics of households buying the product (including light and heavy buyers), brand loyalty and evaluation of "deals."

Despite certain limitations (built mainly around sampling and reporting biases) both services provide data which are highly useful to marketing executives in:

1. Perceiving the existence of a problem and specifying its dimensions - Since the typical marketing executive is well insulated from the dynamics of the market place, it is very difficult for him to know whether he has a problem in connection with the sales of his product. Thus, if sales decline, he likely will not be made aware of this until factory shipments lagged. This may be several months after consumer sales declined because of the impact of trade channels.
2. Evaluating the impact of certain changes in own or competitor's marketing strategy - A measurement of the impact of such forces as price changes, advertising appeals, merchandising deals and product innovations can be roughly made by comparing sales before and after the stimulus was introduced. Even though there is difficulty in identifying the cause and effect relationship in an unambiguous fashion, it has been demonstrated that crude estimates of much practical value can be obtained. In a way, this contribution is akin to that of problem definition.
3. Forecasting and setting of sales potentials and sales quotas - Consumer purchase data are helpful in setting up initial forecasting estimates as well as revising them periodically. Further, they have been helpful in allocating the resources of the firm (say, by time and geography) as well as setting standards of performance for the various sales units.



While, in general, all continuous data collection firms have made substantial contributions towards the solution of marketing problems, it is suggested that such firms need to be more candid regarding the limitations of their "services." Until recently, a majority of such firms did not employ sound sampling methodology - more specifically they did not use probability designs. Further, the size of the effective sample was all too often ignored in evaluating the trend data. Of equal and perhaps greater importance is the lack of information regarding the communication bias. For example, how atypical do the sampling units become after being members of a continuous panel for say a year? Such questions have never been answered.

Much basic research (especially, of the experimental design type) needs to be effected regarding the biases which are inevitable in any data collection method. Equally important, the users of such data need to be informed of such limitations. Aggressive selling is not an effective substitute for product improvement. I feel confident that any firm undertaking a product improvement research program will, in the long run, reap substantial benefits if only because they will find better ways of utilizing their own resources.

#### Contributions of Survey Firms

The essential over-all contributions of these firms are that they provide a stand by research departments for their actual and potential clients, that they provide an outside viewpoint and that they possess certain advantages of specialization. These contributions can be likened to those of an advertising agency. The advantages of using an outside firm depends, of course, upon the particular situation and what alternatives are available. In the past several years a fair observation would be that such firms are increasing in importance and that research departments are turning more and more to them for the execution of survey work.

Another tendency would appear to be increased specialization in certain general areas. For example, the field of motivational research has received great emphasis of late and there are now a number of very fine firms which specialize in this subject. The advantage of specialization is most important since most buyers of research cannot afford the services of a variety of professional specialists. Indeed, many could not keep such a person on the payroll - not because of the expense involved but because he would have little chance to exercise his talents and gain in knowledge and stature through the provocative association with others in his chosen field.

Survey firms are an essential part of the structure of the research industry. As noted earlier most of the continuous data firms make their major contribution through helping to specify the existence of problems as well as their dimensions. While survey firms often perform a similar service, they also conduct research designed to

indicate the alternative means available for solving the problem, and, further, they conduct studies designed to select the best alternative. Consider the many types of studies which survey firms are typically called upon to execute as for example, product tests, advertising (pre-publication) copy tests, sales analyses, and market studies.

It is difficult to say just what contributions such firms have made with reference to the improvement of data collection techniques. Since they work for clients who usually demand "secrecy" (with the exception of a Government agency) and since their talents are profit oriented, it is doubtful if we would have any right to expect much of a contribution here. Still, they are interested in product differentiation and are or should be quick to attempt to apply the new developments produced elsewhere. In the process of their product development work they inevitably raise the standards in the industry. Alfred Politz did a great deal in this connection by promoting probability sampling methodology. Burleigh Gardner and his organization, Social Research, Inc., have made a similar contribution by stressing the need for examining human behavioral patterns from the viewpoint of sociology and psychology. A few firms, for example, Arthur D. Little, Alderson and Sessions and Battelle Memorial Institute, are applying operations research principles - and apparently with some success.

An important point here concerns itself with the leadership provided by many of the Government agencies in developing new and improved data collection methods. In a very real sense these agencies have provided industry standards. For example, the insistence of Government agencies that research contractors use probability sampling methods has unquestionably had a salutary effect on research standards. In the past several years the Research and Marketing Act has sponsored much methodological research. Some funds were used to assist various contractors in improving their techniques as well as their understanding of the limitations of previously used approaches. In all contracts originating under this Act certain levels of competence have been required. Some funds have been allocated to publishing the results of the methodological work and much of this, I'm sure, has helped the research industry.

Some survey firms have released, through various journal and business paper articles, their findings with regard to the use of certain techniques. It is unfortunate that more have not seen fit to do so. It is also unfortunate that research firms have not done more experimental research; setting aside a certain portion of earnings for, in essence, research on their own product.<sup>1/</sup> They have a unique opportunity to do so at low cost by tying in such research with some of their projects.

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<sup>1/</sup> For an example of some very worthwhile research accomplished by one survey firm see a pamphlet released by Market Facts, Incorporated (Chicago, Illinois) entitled, "Product Research Methodology - A Critical Review Based on Experimentation with Alternative Methods."



One area where some survey firms are especially vulnerable has to do with field work. The situation here is not what it should be and, in general, it can be said that with few exceptions we can look to little improvement in the future. This is highly tragic since with the trend towards more motivational research better field interviewing work is even more a necessity.

Any organization which uses the services of a survey firm must keep in mind that it cannot delegate the entire research process. It is generally a mistake for companies to assign the complete responsibility for problem definition to an outside firm since familiarity with the company and the industry would seem to be important requisites for what in essence amounts to the first step in the research process.

Also the detailed analysis of the survey results should be conducted, wherever possible, by company personnel. The analysis procedure is essentially a creative one and while, in part, it is predetermined by the preceding research steps, it requires the constant posing of hypotheses and this can best be done by persons experienced in the industry. At the same time it is highly desirable that an outside viewpoint be introduced plus the need for knowledge concerning the limitations of the data. Thus, the survey firm and its clients should share in the analysis work but the over-all responsibility must rest with the client.

#### Summary

In summary, then, there are two major divisions within the independent research agency industry. The division is based essentially on the continuous nature of the service. Both continuous data and survey firms have made substantial contributions to the economy by providing data which are helpful in the solution of marketing problems. Further, they have, through competition with one another, improved their data collection technique and, in part, made available to others the benefit of their research. They have not always been sensitive to the need for recognizing and researching all limitations to their data.

The use of independent research agencies poses inevitable problems. The typical agency should not be expected to define the problem and conduct the entire analysis. Rather they should share in this work under the direction of the client.

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CONTRIBUTIONS OF PRIVATE MARKETING AGENCIES

IN SUPPLYING MARKET INFORMATION

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I. Introduction

- A. Trade association interest and activities in marketing
- B. Relationship of trade associations with other agencies
  - 1. Educational Institutions
  - 2. State and Federal Agencies
  - 3. Other organizations
- C. The trade association as a source of industry data
  - 1. Frequently the sole source of certain data
  - 2. Impetus given by World War II.

II. Types of Market Information Supplied

- A. Statistical data
  - 1. Sales
  - 2. Shipments
  - 3. Production
  - 4. Inventories
  - 5. Employment and Wages
  - 6. Exports
  - 7. New Orders
  - 8. Costs
  - 9. Unfilled Orders
  - 10. Cancelled Orders
  - 11. Financial and Operating Rates
  - 12. Receipts
  - 13. Prices
  - 14. Consumption
- B. Consumer Information
  - 1. Information on Nutrition
  - 2. Container sizes, servings, etc.
  - 3. Labels and label information
  - 4. Product use in menus and recipes
- C. Product Information
  - 1. Who manufactures--name and location
  - 2. Styles, types and kinds of products
  - 3. Product quality

III. Methods of Obtaining the Information

- A. Regular mail reporting system from all members of industry
- B. Regular mail reporting system from association members

C. Special surveys

1. By association only
2. In cooperation with other agencies

D. By private research agencies on contract

IV. Distribution of data collected

A. General policies

B. Changes in recent years

C. Availability to general public, press, government, etc.

V. Important market Information assembled by other Private Agencies

A. Mercantile Agencies

B. Credit Agencies

C. Banks and other financial organizations

D. Magazines and Newspapers

E. Product manufacturers

Report of Work Group I.

UNDERLYING THEORY FOR APPRIASAL OF MARKET INFORMATION

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Economic theory essential for the judging of market information requirements presupposes some model of the economy. For part of the area being considered, the perfectly competitive equilibrium model is a useful tool. This area will include the older governmental services such as crop and livestock estimates, market news, grading and standardization, and outlook, as well as many private information services. Other informational activities, however, cannot adequately be dealt with in this framework. This applies particularly to developmental and promotional activities used to influence behavior towards some preconceived ends.

The discussion of the work group was accordingly divided along these two lines.

I. Information to Facilitate Competition

One of the most important assumptions of the competitive model is perfect knowledge of buyers and sellers in a market. Such knowledge by producers, consumers and market agents enables them to decide most wisely on the uses of their resources. It aids producers to maximize their returns and consumers to maximize satisfaction within their individual limitations. Collectively, such an economy moves continuously towards a condition of equilibrium in which optimum use is made of resources. The major directive for this resource allocation is the structure of relative prices. Prices competitively arrived at by informed buyers and sellers direct resources into the production of those goods most desired by consumers. Within this framework, market information consists essentially of current and prospective prices.



Historically, government information services were established specifically toward the end of facilitating competition by making price, supply and outlook information publicly available. Numerous trade periodicals have similarly served this need.

What are the informational needs of producers, marketing agencies and consumers?

### Producers

Producers live in a world of constantly changing prices. Basically, then the need is for market information that will enable them to form the most reliable expectations regarding market prospects for production alternatives open to them, to modify their expectations through the production period and to make the most advantageous decisions on where, when, and in what form to sell.

The market information needed during the planning phase of production will include:

- (1) The prevailing market price of products.
- (2) Estimated future prices of products and the reliability of such forecasts.
- (3) Production functions and production factors of prices.
- (4) Supply and price prospects of competing products.

During the intermediate stage when production is in process the kind of information required must provide the basis for any adjustments that can be made by the producer.

During the final stage when the alternative decisions are to sell or to hold, the need shifts to more localized information such as:

- (1) Prices in alternative markets or outlets.
- (2) Costs of shipping or transfer to markets.
- (3) Estimated future price changes for storables.
- (4) The "best time" alternative for selling in particular markets.

### Marketing Agencies

The probability of price change is of primary interest to handlers and processors of agricultural products. The major decisions include what commodity to buy, by grade, variety or pack, and what to sell. They

must estimate how much to buy and where, and when and where to sell, and finally what price to pay and what price to ask. The type of information required to make these decisions is similar to that required by producers during the intermediate and final stage. A broad classification can be made between storable and non-storable products. Perishable product information will include:

- (1) Production estimates continued through the growing season.
- (2) Changes in price.
- (3) Production and price estimates of competitive products.
- (4) Spot prices for alternative markets.

For products that can be stored for longer periods of time, market information will include in addition:

- (1) Estimated demand and supply relationships during the immediate future.
- (2) Expected price trends prior to the new supply.
- (3) Stocks and rates of disappearance at each level of distribution of the product concerned and competing products.

#### Consumers

Market news for consumers should be adequate enough to allow rational decisions of when, where and what to buy in order to maximize satisfactions and to make the most efficient use of money spent. This will include:

- (1) Spot prices by products, grades, class, and location.
- (2) Information on seasonal production patterns, storage stocks and expected price changes of individual products.
- (3) Price trends in general.
- (4) Price relationships and relative price changes between substitute products. Information on nutrient value, and other technical use aspects supplement quantity and price estimates in a way analogous with information on producers' technical production functions.

#### Market Information and Government Programs

Government programs have become an integral part of market supply and demand relations. They affect producer decision before, during, and after the production period. It is for this reason that statements of the programs and their significance to producers' and consumers' decisions should

be considered as market information with a high priority on dissemination down to the local level.

### Market Grades and Standards

To be useful, price reports must refer to specific commodities, identified in terms of quality and location. The clearer this specification in reporting, the more accurate and useful will be the price data.

Market price news is of the greatest value to producers, the trade, and consumers when prices are related to specific and easily recognized product characteristics. This is particularly true at points of trading and reduces the possibility of exploitation of one party to the exchange by the other. For this reason, grades or standards at each point of trading should be sufficiently clear to allow comparison between producer, handler and consumer prices of similar grades. This is not always the case at present.

Terminology - Clear and undisputed description of grades and product classification is important for an effective market news service. Trade jargon frequently does not mean the same thing to producers as it does to dealers or consumers. Market news should be clear in its classification of product. In this way the price ranges reported will be minimized and producers will be better able to identify their product in relation to reported grades and prices.

### Cost and Returns of Market Reporting

Funds for market reporting should be allocated into the various channels in such a manner that the marginal return from a dollar spent is equal in all channels.

Such a marginal point will be difficult to define, yet we must recognize the problem. For example, detailed local market news for each point of trading irrespective of the size of the market might be difficult to justify in terms of costs and returns.

Similarly, the dissemination of market information cannot be carried to the point where the responsibility of the individual to look for and make use of current market data is eliminated.

### General Economic Information

The independent decisions of producers, middlemen, or consumers can be improved by the study of general economic information. The time required and the training necessary for this type of analysis, however, means that only specialized agencies or individuals can undertake it for themselves. Public provision of such interpretative information, expressed as expected prices or price changes, is a valuable supplement to market news reporting which should improve with improved techniques of analysis.



## Market Information for Research

Market information which has been developed to improve the trading practices in the market may not be in the form best suited for research. Researchers should recognize that provision of supplementary data for their use ordinarily requires that additional funds be made available to the reporting agencies. At the same time, informational services should be receptive to suggestions of researchers regarding ways in which their data could be made to serve broader purposes, and should be mindful that research will itself contribute to the improvement of their programs.

The function of economists is to discover and measure the relationship between variables in order to reduce the error in prediction under given assumptions. Demand and supply relationships are of particular importance in the prediction of price during and at the end of given time intervals.

The major source of this analytical material is market data on prices paid and quantities exchanged. Prediction is based on the analysis of past experience and assumption of what aspects are going to be relevant. Interpretation of data is by judgment which is not systematized, by descriptive statistics, or by statistical analysis.

It is pertinent to ask what are some of the difficulties in using market reports for this purpose. Many reports are on a crop year basis which differs from crop to crop. While this is satisfactory where attention is confined to one crop, it is a handicap in more general analysis of related crops.

Where aggregates are published, some properties of the distribution should also be published such as number of farmers reporting or the standard deviation where samples are used. Frequently a geographic breakdown of statistical information is not available. There is always the problem of adapting material collected for one purpose to many uses or purposes. It becomes a problem of identification and of making the data compatible with different assumptions.

In developing models the question must be asked, "What kind of statistical model can be used as the basis for subsequent analysis?" It is important to specify the theoretical framework under which data is generated before it is used. Opportunity is then provided to correct weaknesses in the model.

It is recommended therefore, that model builders and others engaged in economic analysis of market data should outline the kind of information needed for specific ends and transmit these suggestions to the government agencies concerned with data collection.

It is further recommended that an office be established in the Agricultural Marketing Service as an advisor on statistical information for research workers and as a liaison between data collecting agencies and research workers to transmit recommendations for data needed.

## II. Information for Promotion

Informational activities have so far been discussed solely in terms of their use in perfecting market competition. Actually, information is used by sellers not only to find out what demand is in the market, but also to find out what it might be made to be, and to alter it in favor of their products. Consumers are surveyed to find out what goods and services they might be induced to buy, and are subjected to advertising and other merchandising pressures to induce them to buy.

The perfect-competition model, which takes consumers preference patterns as given and makes them the ultimate criterion of the use of resources, obviously provides an inadequate conceptual framework for judging informational activities that represent an expenditure of resources for the purpose of modifying this criterion. The law of motion of such an economy involves more than the mere tendency toward an equilibrium. Such an economy is constantly engaged in spontaneously modifying the equilibrium position towards which it tends.

Informational activities of this character have various objectives. They include the efforts of promoters of new goods or new services to create demands for their products. They include likewise the efforts of those who would educate consumers to higher standards of consumption; nutritional education falls largely in this category. Of particular interest to agriculture at the present time, they include the joint efforts of government and industry groups to expand markets for products in surplus production - a sort of moving the equilibrium back towards the production pattern, rather than letting the whole burden of adjustment fall upon producers.

Such informational activities are of two kinds: those directed towards determining the economic capacity of markets to absorb products; and those designed to influence consumers to buy.

The first kind includes surveys of consumer preferences and merchandising experiments, as well as study of population and income trends and other factors ordinarily associated with demand analysis.

A concept that may be useful here is that of saturated versus unsaturated markets. The long-time downward trend in per capita consumption of potatoes, for example, suggests that this is a saturated market and will be difficult to expand through promotion. Adequacy of market organization is a factor requiring investigation in any promotional endeavor. Successful promotion of frozen foods, for example, had to await the development of refrigerated handling facilities at all stages of marketing and in the home as well.

Activities designed to influence the buying behaviour of consumers in favor of particular products and services range from advertising calling the products and their merits to consumers' attention, through various



appeals and devices of showmanship, to highly biased or misleading presentations. Somewhere in this range, presumably, the efforts cease to be classifiable as "information."

A general problem raised in the promotion of foods, especially when this is carried on under governmental auspices, is the effect of promoting one item upon demand for competing items: apples versus oranges, for example. It is often true that little consideration is given to this problem in specific promotional endeavors. There is little careful research to determine how much total increase in markets is achieved in competing promotions, or to what extent the chief ultimate expansion is in the market for promotional services.

On the other hand, the "limited-capacity-of-the-human-stomach" argument, widely used against food promotion, generally overlooks the fact that economic demand for food is not measurable in volume merely. Substitution of higher-priced foods - those embodying larger amounts of agricultural resources - for lower-priced foods (meat for cereals, for example) represents an expansion in the demand for farm resources, even though it may involve no increase in the number of cubic inches consumed.

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Report of Work Group II.

INFORMATION TO GUIDE PRODUCERS IN ADJUSTING PRODUCTION TO MARKET DEMAND

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Introduction

Producers are continuously confronted with the problem of making decisions regarding production. They must decide what to produce, when to do it, and in what quantity. The decisions often obligate the resources of the producer for a considerable period of time. Therefore he is concerned that his choice is best in relation to demand. Once he has decided to become a producer of an agricultural product he commits resources to its production for the period of the production cycle. The choice can prove to be relatively costly or profitable depending upon the price situation at the time the chosen commodity is ready for market.

It is recognized that conditions may change during the production period. This may necessitate a reappraisal of the situation by the producer. To do this he will likely need different and current information of a short or intermediate nature. Such new knowledge could be an aid to him in translating sudden changes in demand or supply into a more realistic price outlook than was possible at the beginning of the production cycle.

On the supply side, weather is perhaps the outstanding factor which may quickly alter the outlook. This factor is not under the control of man but is one which may result in abnormally high or low per acre yield prospects. A drouth or period of excessive moisture may quickly change the

outlook from that anticipated when production was started, be that a day, week, month or year ago. Specifically, a killing frost in the early fall might overnight transform prospects for a large, good quality crop to one of mediocre size and poor quality.

Work group II thus having briefly explored some of the dynamic aspects surrounding agricultural production, then proceeded to examine more closely the information which is useful to producers in adjusting production to market demand. To do this, it was suggested that three general areas of thought should be pursued as follows:

- (1) Collection of information such as is done by service agencies.
- (2) Research including the analysis of basic data and special studies relating to cost of production, consumer preference, price outlook and other related subjects.
- (3) Dissemination of information.

#### Framework of Discussion

Much of the discussion of the Group centered upon the following four points:

- (1) Decisions which face the producer.
- (2) Types of information needed to aid the producer in making his decision.
- (3) Information available.
- (4) Major gaps in the information including methods of presentation.

#### Review of Types and Scope of Information

Sources of information to guide producers are either public or private. A review of the specific sources indicated to this group is that more information is available than is being effectively used. This does not mean that the available information is adequate to the needs of the producer in making his decisions. There are many specific gaps in the fields of market news, crop and livestock estimates, and research which will be commented upon later.

An example of public information is the daily, weekly or other periodic Market News reports. Others are the crop, livestock, price, stocks, and utilization reports as produced by the Crop Reporting Board in cooperation with many State and private agencies. Outlook reports and publications revealing research results are additional examples. Private organizations including the press also develop much information useful in planning production. Rather often the distribution of the private information is



quite limited but much of it is eventually made available for the general use of the public. Information from both private and public sources is extensively used by producers, business men, legislators, educators, and research workers in coping with problems relating to the planning of production in relation to market demand.

The information flows to the producer from direct or indirect sources through various media. Basic information such as crop reports may go directly to producers but more often they receive it indirectly through sources such as the press, radio, and other media. The National Outlook and Situation and other analytical reports include much background material based upon business indicators, effects of government programs, census data; studies of consumer preferences and practices, production costs and returns, and existing or expected marketing practices. The aim is to bring together information on supply and demand as an aid to the producer or his representative in planning production.

The group recognized that important gaps in basic information exist. For instance, there is no federal market news service on seed crops, forest products, flowers, or nursery crops. Data on truck and aircraft movement of agricultural products are inadequate. More information on tree numbers and potential fruit and nut production is needed. There are increasing needs for market information at retail and grower levels as an addition to terminal market news. These and other gaps should be closed.

They also agreed that work on intermediate and long-term supply, demand, price, and cost analysis and predictions should be reinforced and expanded at federal and State levels.

It was believed that needs for State, county and local data will continue to increase. Likely, State agencies, with federal assistance and guidance will assume a more substantial part of the responsibility in supplying local data. It was also felt that State and county agencies should take major responsibility for helping farmers to interpret and use available market information along with local knowledge in over-coming obstacles to adjusting production to market demand.

Market outlook information should be strengthened. It should be directed primarily toward answering the producers question "What will my product be worth when it is ready for market?" At the National Outlook Conference freer exchange of information between State and federal workers should be encouraged. The National Conference might well be supplemented with timely regional conferences to good advantage.

Particular attention should be given to providing necessary information at the time production and marketing decisions are being made. For example, the national livestock outlook to be more useful should be released in July or August instead of October. The new program of quarterly pig crop reports initiated in important hog producing States last March will be a useful tool in keeping the livestock outlook information more current.



The important contributions of research to the topic of this work group were also reviewed. Consumer preference and practice studies can, when so examined, provide objective information upon which farmers can make plans to more specifically meet market demands.

The input-output studies as they apply to local production areas help farmers to evaluate the economics of adjusting production to meet market demands. While intensive consideration of this area of research was not carried out by the work group, recognition was given to this important complimentary subject.

The producer's own farm business records form one basis of his judgement in changing his production to meet market demands. These records are frequently inadequate for wise decisions. In addition to the research of public and private agencies a substantial effort is required to assist producers in keeping essential business records and in the analysis of the records in the light of the other information available to him.

To summarize this section, a farmer needs adequate information to plan profitable adjustments in his farming operations from year to year. In this connection he needs the best information available on:

- (1) Prospective prices not only of his alternative crop and live-stock enterprises but of goods and services used in production. An evaluation of price prospects requires data and analysis which will provide an accurate appraisal of prospective demand and supply conditions, both domestic and foreign. This information should be localized to fit the needs of individual farmers.
- (2) Physical input-output relationship such as yield response to various rates of fertilizer use or feed inputs for example, are essential. Variations in climate, soils and farming practices point to the need for information of this type by regions and areas.
- (3) The producer should have timely information on price supports, acreage allotments, marketing quotas, and other regulations which may aid him in planning his most profitable production program.

#### Information on Market Costs and Trends and Their Influence

Given a forecasted market price the producer wants further information with regard to market costs in order that this forecasted price may be reflected to the farm level. Market costs and trend information which is needed by producers includes information for specific individual commodities with regard to the following:

- (1) Cost of transportation from various production points to various markets by different methods.

- (2) Cost of storage by various methods.
- (3) Cost of handling.
- (4) Cost of packing and assembling.
- (5) The influence of volume on these costs and the production potential of a particular area.
- (6) Anticipated changes in the above costs.
- (7) The effect upon these various marketing costs of producing and marketing two or more crops.

While much data are available on these subjects, additional information is needed in each category. Market costs data are supplemental to that needed with regard to the comparative advantage of growing one or a combination of crops.

#### Information Needs for Long-Run Adjustments

Modern farming requires heavy capital investments. Accordingly, accurate information on long range prospects is necessary to aid the producer in making profitable production adjustments to changing demand and supply conditions. For example, apple producers making tree plantings should know the extent of new plantings by varieties in other areas. Additional information of the supply and demand trends for competing products such as oranges, is also essential.

Price prospects for farm products and production goods and service will depend, among other things, upon growth in population and real income, changes in consumer habits and tastes, innovations in production and marketing methods, and foreign demand prospects.

Appraisals of long-run demand and supply prospects in agriculture should point out to the farmer the types of farm products which have the greatest comparative advantage over the longer-run period.

Considerable information of the above types is now available. However, gaps exist in data required for the analyses that should be made at the national, regional, state and local levels. Some of the especially important gaps and needed improvements recognized by the work group are as follows:

- (1) More detailed statistics and analyses on a local basis.
- (2) Price information by grade and quality for all important farm commodities and production goods.
- (3) More attention to the appraisal of the longer run prospects.

### Dissemination of Information

Efforts to develop more effective methods of reaching and teaching farm groups and individual farmers to use market information should be greatly increased. Employment of more county workers with economic training would help.

Careful study and constant evaluation should be given to methods used in packaging and disseminating market information for farmers. The farmer is a consumer of market information. It should come to him in packages especially designed to meet his needs. He should be left free to make his own decisions "with his eyes wide open" to the various alternatives and their probable consequences.

Regarding the dissemination of information for use of the producers, our discussions in Group II emphasized the following:

- (1) Reduce the quantity and improve the quality.
  - (2) Consider more carefully the type of audience.
  - (3) Improve clarity and readability.
  - (4) Seek to a greater extent the cooperation of press, radio and television in reaching audience.
  - (5) Use simple visual aids and simple tables in publications and personal presentations.
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Report of Work Group III.

INFORMATION TO ASSIST PRODUCERS IN DETERMINING WHEN  
AND WHERE TO SELL

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This group made the assumption that the producer wanted information to assist him in selling his product at the price that would give him the greatest net returns. The subject was divided into "When to Sell" and "Where to Sell."

When to Sell

The time period on "when" included the information needed by the producer to decide whether to sell his product at the earliest possible time or to sell at a later date not to exceed one year on storable commodities.

It was generally agreed that the seller needed most of the following information in order to determine the best time to sell.

- I. Basic knowledge of consumer taste, acceptance, etc.
- II. General information on supplies and level of prices (including price supports).
- III. Information for seasonal decisions.
  - A. Normal seasonal price and marketing patterns, by grades, classes and weights for his commodity.

B. Likely variations from normal.

1. Changes in demand.
2. Changes in supply (production, stocks, foreign trade).
3. Estimation of other producers' decisions.

C. Possible change in commodity during decision period.

1. Weight, quality or productiveness of livestock, or
2. Weight and quality change in crops or livestock products.

D. Cost of retaining.

1. Feed requirements and costs in retaining livestock, or
2. Cost of storing crops and livestock products, or
3. (Cost of delayed harvest of fruit and vegetables)

IV. Information for day-to-day decisions.

- A. Daily market intelligence.
- B. Evaluation of intelligence including history as guide and trend analysis.

The group reviewed current market information on some of the major commodities or groups of commodities on the basis of the above outline. The conclusions follow:

Livestock

A portion of the livestock producers needs for factual information is being fulfilled. This is being accomplished through such media as market releases, situation and outlook reports and other statistical presentations. However, it is apparent that problems still exist in the collection, interpretation and reporting of market information. Immediate attention should be given to: (1) collection of data at local or county levels, (2) providing better indications of feed-producing capacity of pasture and range, (3) translating market reports into form for direct use by producers, and (4) bridging the gap between daily market reports and the present "intermediate" outlook.

Poultry and Eggs

Information in the area of consumer taste and preferences for poultry and eggs is not perfect but seems to be adequate for most marketing decisions. Information on prices at terminal markets is available generally but price information on local markets and sales is often inadequate. A large proportion of poultry meat and eggs now by-pass the terminal markets and go direct to jobbers and chain store buyers. This has reduced the importance and reliability of terminal market quotations

as guides to prices.

Much work has been done in the field to evaluate the available data and to formulate guides that will enable growers to know when to market but much more work is needed in this area.

### Dairy Products

For the principal dairy products, available data on consumer acceptance are fairly well defined. Many new products and new developments in the older products are continually being introduced. In this area there is much that is unknown concerning consumer acceptance.

Day-to-day decisions on when to sell milk are very minor but there are opportunities for producers to make some current operating changes that affect market supply. Data needed for these decisions are reasonably available on State and National levels but less adequate on some local markets.

### Grain

In general there is fairly adequate information available to assist producers to determine when to sell grain. This information is gathered and disseminated by both government agencies (federal and State) and the grain trade itself.

Areas in which additional information is needed include: (1) more data on quality and grades in some areas, (2) Information on foreign demand and supplies, (3) local prices of grains on producer level and (4) an analysis of the role of future prices in fixing grain prices.

### Cotton

Because cotton is storable and is processed in mills around the world the information needed by producers is of a much broader scope than for a commodity processed and consumed near the point of production. From governmental sources some information is now available on nearly all supply and demand factors which affect prices. Unfortunately much of this information is not fully used by large numbers of producers. Cotton farmers can obtain precise information on the quality of cotton and some guides to the value at any given time and place. Legislative restrictions prevent the dissemination of Price Outlook information which might be helpful to producers.

### Tobacco

The choice of "when to market" tobacco is very limited by both the perishability of the product at the time of harvest and the relatively short period of time the markets operate in an area. Information is considered as good or better on most types of tobaccos as on most other crops. Because of the limited number of buyers in the market, producers must be



kept fully informed of market conditions.

### Fruits and Vegetables

Producers of certain non-perishable crops, such as apples, potatoes, and sweet potatoes have at their disposal a relatively adequate amount of information for making the decision of "when to market." However, growers of highly perishable crops must have more current information. Since the decision of when to market perishable crops is dictated by maturity, it is essential that this information be up-to-date. Serious consideration should be given to weekly or daily reports on local areas just prior to and during harvest. In some instances, growers are in need of more information relating to cost of delaying harvest of their crops.

### Seed Crops

Seeds are an example of other relatively minor agricultural commodities for which marketing information of value to producers is limited but very important to specialized areas.

Information available to producers of seed crops is quite inadequate. Only one forecast of production is issued by the Crop Reporting Board. At least two forecasts of production for some of the major seed crops should be issued prior to the annual report of production.

At the present, with the exception of Oregon, there is no market price information of the type issued by Market News Service available to seed producers. Consideration should be given to expanding this type of service for short periods during heavy marketing seasons in important production areas.

### Where to Sell

It was recognized that some producers are not able to determine grades. Information is needed by producers on quality standards and assistance in associating certain characteristics with products.

It was also brought out that farmers tend to trade with people in whom they have confidence and some benefits in the long run may be gained by being a dependable supplier of a market. However, farmers should have the information to make the choice or search for his best market.

Information on marketing channels and location of markets is generally known but the choice of a satisfactory market is a difficult decision to make.

The farmer would need the following information on which to base his choice of markets:

1. Services and facilities provided by various markets. Local farmers probably are aware of the services and facilities

available at nearby markets but little information is available on distant markets.

2. Practices followed at various markets. Some information is available on practices followed in operations but information on peculiarities concerning things such as sorting, pricing, etc. is practically non-existent.
3. In what forms is product desired at various markets.  
(a) bulk or packaged or size of package.
4. Financial responsibility and reliability of various market outlets. In certain markets and States, buyers and traders are required to have bonds. But information is lacking in some States. Some supervision is probably needed.
5. Comparison of prices on alternative markets, by grade weight and/or size. Work has been done in some areas but detailed information on specific markets is not usually available.
6. Comparison of costs of marketing at various markets.
  1. Transportation
  2. Shrinkage
  3. Quality change
  4. Selling charges
7. Knowledge of current and potential supply. Information is available on general supplies that may reach the market several weeks or months ahead and information on actual daily market supplies, but accurate estimates of market supplies that will be on the market when the producer sells is almost impossible to get. This poses a real problem for perishable commodities that fluctuate widely in prices.
8. Risk of price change between farm and market. Unless future prices for delivery are used, producers have a risk of price change from the time the decision was made on where to market until the product is actually sold. More information is needed in this area.

#### General Conclusion

1. Historical data are fairly adequate on most commodities and some information is available on daily transactions but a great void and lag exist on information needed by producers in determining when to sell.
2. Market information is more complete on crops and livestock that are marketed throughout the year than for commodities marketed

over a short period. More information, possibly a weekly report is needed on conditions existing immediately preceding and during the marketing period for highly perishable crops. There is a wide area to be explored to increase the speed of market information to producers.

3. Prices quoted at terminal markets do not always represent the prices of the total products produced and distributed in the market area. Market News may need to be extended to supply areas as well as to terminal markets.
4. Information needed to assist producers in selecting the best market is very limited. If these producers are to be helped, additional information on specific markets is needed.
5. Much of the information distributed today is of use to the specialist in making his analysis. However, as it is distributed much is of little value in aiding the producer to make decisions. Many of the reports could be summarized, localized and disseminated in an understandable form to individual producers.

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Report of Work Group IV.

INFORMATION REQUIREMENTS FOR ADVANCE PRICING

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Introduction

Advance pricing of agricultural commodities, or the pricing of products prior to the time they are planted, produced or marketed, has come to occupy an important place in our agricultural economy. It has grown up in response to the demands of producers, processors and distributors for a greater degree of stability in the production and marketing of their products. It gives producers some idea of the price they can expect for commodities which they have to sell, and permits more intelligent production planning. It likewise permits processors and distributors to anticipate supplies and prices of commodities which they will have available to meet market demands.

The types of advance pricing arrangements which may be found in our marketing system vary greatly, depending upon the type of commodity involved, length of growing season, market organization, buyer-seller relationships, degree of control over the marketing process, and many other factors. In the case of some commodities, such as truck crops for processing, prices may be set in advance of planting for an entire crop or major portion of a crop. In other cases, such as with milk pricing, some formula may be agreed upon which will set the price of milk depending upon conditions existing at the time of delivery, but not necessarily known at the time the formula is adopted. As brought out by Mr. White of the Florida Citrus Mutual, advance pricing also may be done for information and guidance of producers, without advance contracting or price agreement of any sort. Many government programs likewise are significant in advance pricing of agricultural commodities, and involve the same pricing considerations.

There are many questions which may be raised concerning the advantages and disadvantages of advance pricing. For example, along with stabilization, such pricing arrangements may introduce rigidities which interfere with desirable market adjustments. If the price is set too high, it results in increased production, decreased consumption and the accumulation of commodity inventories. If the price is set too low, the opposite results are realized, and the market is short of the commodity.

The report has not considered the advantages and disadvantages of advance pricing. Assuming that farmers, processors and distributors will continue to seek the stabilizing efforts of advance pricing, however, we have sought to outline some of the types of statistics, information and analysis needed in order to make possible the most intelligent application of such pricing and to minimize the extent of interference with desirable market adjustments. By definition, we have excluded Government price support and price fixing programs from our discussion, although the same general types of information and analysis are needed in carrying out such program operations.

#### General Framework

In many types of advance pricing two time periods following the date of negotiation will be involved. One will be the period from this date to the effective date of the new prices; the second will be the period over which the new price is expected to apply. Forecasts of some of the factors that affect demand or supply may have to be made separately for each of these periods.

To illustrate the general approach involved in problems of this type, the group considered two extremes in terms of the time periods involved. One problem related to continuously-produced commodities, such as fluid milk or broilers. The second related to crops for which sales contracts are made prior to planting. Other situations, such as contracts for fruit at or after harvesting, but for delivery several months after the date of negotiation, might involve elements of each of those considered in detail.

In either case it appeared simpler to consider factors that would be expected to cause prices to change from one period to the next rather than factors relating to the general level of prices. When this approach is used, two types of studies must be made: (1) To determine whether the current price appears to be an equilibrium one. This aspect can best be measured by considering whether stocks are increasing, decreasing, or remaining the same after allowing for normal seasonal factors and trends in consumption or other factors that might affect the level of working stocks. (2) To consider factors that would cause equilibrium prices to differ in the period to which the new price applies in comparison with the present period. Use of these 2 types of information should give a reasonable approximation to an equilibrium



price in the new situation.

On the demand side, each of the examples requires a determination of expected changes in consumer income, population, and supplies, prices or other factors that affect competing or complementary products in the new period in relation to the present. It is realized that short-term changes in population are apt to be more important for small geographic areas than for large ones. We also need information relating to possible new processing capacity in the area and to various technological developments that may affect demand.

On the supply side, for commodities that are produced and marketed on a continuous basis, we are interested essentially in factors that cause production to change over the entire time to which the new price will apply. We will be concerned with factors that affect costs and returns for our product in relation to those that compete for the factors of production, including allowances for expected technological developments that will affect output per unit of input, and with physical factors that relate directly to the probable number of producing units. Examples of the latter are heifers on hand in dairy herds or land involved in new irrigation projects. The effects of all of these can be considered from the following standpoints: (1) Factors that affect the level of total productive capacity, (2) Factors that determine the proportion of these that will be used for our product, and (3) Factors that determine the level of output per unit of input.

These same factors relate to our second example but in a slightly different way. Here we first need to estimate the expected level of stocks of the raw material and the processed product at the start of the new marketing season, and to consider the factors that will affect acreage planted and yield per acre of the new crop. These will be similar to the factors discussed in the preceding paragraph.

From all of this information a demand schedule and a supply schedule relating to the time period to which the new price will apply can be derived. Each of these may represent a composite of several schedules. On the demand side, a separate estimate of the demand for export and for domestic use in the fresh and processed market. On the supply side, the separate schedules might relate to several geographic areas. The negotiated price would be expected to be close to the equilibrium suggested by the intersection of these two schedules, with deviations depending on the relative bargaining power of the two or more negotiators.

#### Information Needed and Source of Data

In order to determine supply and demand schedules several important variables were considered in some detail. These were thought by the committee to be more important. The following sections indicate the variables and the needed and present source of data for each. All were discussed in some detail but only a listing is given in the report.



## I. Demand Factors

### A. Income

#### 1. Information needed.

- a. Gross income
- b. Disposable income
- c. Distribution of income
- d. Business indicators
- e. Spending and saving patterns
- f. Index of purchasing power

#### 2. Sources of data.

- a. Department of Commerce Series
- b. Federal Reserve Board
- c. Bureau of Labor Statistics
- d. State Business Research Agencies

### B. Population

#### 1. Information needed.

- a. Numbers
- b. Characteristics (age, occupation, nationalities, etc.)
- c. Migratory shifts

#### 2. Sources of data.

- a. Bureau of Census
- b. Population Institutes
- c. Bureau of Labor Statistics
- d. Vital Statistics

### C. Demand and Price Relationships

#### 1. Information.

- a. Demand schedules
- b. Price elasticity
- c. Income elasticity

#### 2. Source of data.

- a. Research studies by USDA., State Experiment Stations, and others.

### D. Competing and Complementary Products.

#### 1. Information needed.

- a. Price of competing products.
- b. Trends of per capita consumption.
- c. Promotional and merchandising practices of competing products.
- d. Joint product utilization and pricing.

2. Source of data.

- a. Market news
- b. Trade statistics
- c. USDA, BLS and other Government Agencies.

II. Supply Factors.

A. Stocks - Domestic and Foreign

1. Information needed.

- a. Quantity
- b. Quality
- c. Location
- d. Form
- e. Ownership

2. Source of data

- a. Government services - crop estimates, market news, regulatory agencies (CCC, etc.)
- b. Trade associations.
- c. Private companies specializing in market data
- d. Other agency reports (F.A.S., F.A.O., F.O.A.)

B. Cost of Production

1. Information needed.

- a. Prices and supplies of the factors of production.
- b. Physical inputs
- c. Joint Products relationships
- d. Joint enterprise relationships

2. Source of data.

- a. USDA Price and Situation reports.
- b. State Experiment Stations and USDA research reports.
- c. Credit institutions.
- d. Market news and crop estimates
- e. Bureau of Labor Statistics
- f. Pertinent data from local sources.

C. Alternative enterprises.

1. Information needed.

- a. Prices and supplies of the factors of production.
- b. Credit availability for making shifts.
- c. Interchangeability of resources.

2. Source of data

- a. USDA Price and Situation reports.
- b. State Experiment Stations and USDA research reports.
- c. Credit institutions.
- d. Market news and crop estimates.
- e. Bureau of Labor Statistics.
- f. Pertinent data from local sources.

D. Production and Yield

1. Information needed.

- a. Acreage and livestock numbers
- b. Trends.
- c. Weather factors (snowfall, soil, moisture, etc.)
- d. Innovations (cultural production, disease control, etc.)

2. Source of data.

- a. Crop and livestock reports.
- b. Local estimates.

III. Technological Development

1. Information needed.

- a. Production
- b. Determination of Product Quality
- c. Processing
- d. Distribution

2. Source of data.

- a. Research results.

IV. Institutional and Organizational Considerations.

1. Information needed.

- a. Size and number of firms (marketing and production).
- b. Location.



- c. Type of ownership (whether corporate, cooperative, etc.)
- d. Kind and degree of integration (vertical, horizontal) including arrangements other than ownership such as contracts.
- e. Extent of monopoly or oligopoly power with reference to supplies, and monopsony or oligopsony power with reference to farm products.
- f. Related practices and policies of firms operating in such imperfect markets.

2. Source of data.

- a. Basic trade and commodity statistics.
- b. U. S. Agencies such as Federal Trade Commission.
- c. Legal Court Cases, T.N.E.C. studies.
- d. Selected case studies of particular commodities and firms by Experiment Stations, special commissions, and federal-State agencies.
- e. Use of Monopolistic competition theory as developed by Chamberlain, Joan Robison, Triffin as a complement to traditional competitive economic theory including more recent developments in imperfect competition theory.

It should be pointed out that Institutional and Organizational considerations affect:

- (1) adoption of technology.
- (2) marketing practices and channels of distribution.
- (3) sources of supply and barriers to movement of a product.
- (4) methods of pricing.

It should be also pointed out that these considerations cause important difficulties to the research and extension worker in suggesting desirable changes for market reorganization.

## V. Market Practices

Advance pricing is itself an example of a market practice. The negotiators of advance prices must consider, among other things, their probable outcome under this practice as compared with the results which might be obtained by adopting the practice of delaying the execution of the price agreement until the product is delivered.

Beyond this, marketing practices will be pertinent insofar as they may affect relationships previously discussed. For example, the central market price quotations for different grades of a product may be obliterated at the levels closer to the producer if it is the practice to base price agreements on anticipated season average grades. Or again, the extent to which milk producers may press for a higher price will be conditioned by the distributors practice with respect to buying "short" or "long."

Examples can be multiplied, but it did not appear feasible to formulate a general pattern for developing knowledge of market practices. There is no theory of the subject and no systematic abstraction of their essential features upon which any generalizations may be gauged. The discovery of particular market practices which may bear on the advance pricing of a given product will generally come from research organized around more conventional objectives: studies of costs and margins pricing methods, market organization, etc. The kind of data and the sources of information will be dictated by the nature of the research project.

#### Analysis Required for Advanced Pricing

There is a task of selecting the methodology or combination of analytical tools that will render the best results for advanced pricing. Methods are often limited to and determined by the quantity and quality of information available. In many cases the analytical task is reduced to a job of selecting the best available data and methodology that has a probability of achieving the most effective results.

The characteristics of an aggregate supply schedule for a given commodity as well as an individual firm supply schedule can be derived and examined. Since many advanced pricing contracts involve small geographic areas, national supply schedules may have serious limitations. All the possible deviations from general statistical curves that can be brought to bear on the problem should be taken into consideration.

It is suggested that partial and complete budgetary methods may be employed as strategic accounting and planning devices. This technique permits projections of input - output data and the synthesizing of supply schedules.

Linear programing may serve as a valuable technique in supply price analysis where there is ample and reliable data available. Linear analysis of production processes may permit a considerable degree of precision.

The determination of demand schedules rests heavily upon statistical time series data. Most of the present demand studies apply to the aggregate demand for food for the nation or for a composite demand schedule of an individual product. This is not, in most instances,

sufficient for good advanced pricing by geographic or limited areas. Demand schedules and analysis for more specific areas should be developed to measure (1) price elasticity of demand, (2) income elasticity, (3) cross-elasticity.

Other demand analyses that have promising possibilities include (1) consumer panel studies, (2) consumer budgets and (3) consumer surveys. Consumer surveys attempt to provide information that will help depict potential consumption patterns. Consumption forecasts would be extremely valuable in negotiating advance pricing contracts.

Consideration should be focused on qualitative analysis as well as quantitative. It is possible in most cases to strengthen quantitative techniques with qualitative analyses. In this instance qualitative factors refer to all relevant attributes which may help to establish or influence the establishment of future prices.

Therefore, in advancing pricing decisions, whether to buy or sell, will be based on a combined use of various scientific measures, informed judgement, and managerial ability as measured through sciences of psychology, sociology and other related sciences.

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Report of Work Group V.

CURRENT INFORMATION ON ASSEMBLY MARKETS

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The managerial decisions a farmer needs to make regarding assembly markets was interpreted by our work group to include only those which occur after the crop has been produced and is ready for market. The alternatives available to a producer during this short run market period vary from product to product. In the case of non-perishables the producer may either sell or store his commodity. However, the alternatives for perishables are usually limited to harvesting and selling or abandoning the crop without harvesting. In addition to limiting the time period the term "assembly markets" was interpreted to mean only local first sale transactions including on-farm sales.

The discussions during the fore part of the week revealed a number of different opinions as to the type of information the seller and buyer desired before making a first-sale transaction. The members of the group soon agreed that if the discussion was to develop into an analysis of the assembly markets with a minimum of overlapping onto the topics assigned other work groups some ground rules were needed. Thus two assumptions were made. These are: (1) The producer is going to sell his product and (2) He is a rational individual in that he desires to sell his product in that market which will yield him the greatest net return. Within this limited frame work, the producer is unable to effect demand for the product or alter the volume produced.

The discussion of Current Information on Assembly markets was developed commodity by commodity. The major commodities discussed included: (1) Grain, (2) Livestock, (3) Poultry and Poultry products, (4) Dairy products, (5) Tobacco, (6) Cotton, and (7) Fruits and vegetables.

### Grain

Terminal market news information on grain prices by grades is available. Additional local price information is often made available to the producer by local newspapers and radio stations, though the adequacy of such information varies from area to area. In general the local price tends to follow the terminal market price with allowances for marketing costs. One might conclude then that in the areas where information is available for both the local and terminal markets a farmer has no difficulty in determining the market which will yield him the highest net return. This is rarely the case because local marketing practices are seldom quoted. Factors such as discounts and premiums on certain varieties, moisture, protein content and other product characteristics are not included in the report. The lack of description in the market news and inconsistencies of terminology from one local market to another are two of the unsolved problems of current market information desired by producers selling grain in the local assembly markets.

In a few states, prices are quoted for a number of local markets by the state market news representatives. These are usually obtained from buyers by phone and are made available to local newspapers and radio stations. Where this plan is followed the price rarely includes any mention of local marketing practices.

More information is available on some grains than others, for example, with a commodity such as soybeans, the reporting of a flat price in an area seems to inform most producers of the price they may expect to receive and, therefore, is considered generally adequate. On the other hand, local quotations for a product like flax is considered rather unsatisfactory because of the small volume handled by some local traders and the great variation in marketing practices.

In general, it was agreed by the committee that there is need for more detailed market news information for assembly grain markets. Use of price data by grades, phoned in by elevator operators to terminal or state market news reporters seems at this time to be sufficiently promising to justify further exploration. Periodic checks on accuracy of data being furnished to news reporters from assembly point markets is recommended. In addition, educational programs should be extended or inaugurated to familiarize producers with market grades and terminology.

### Livestock

The post-war years have intensified the trend of decentralization of livestock marketing. At the present, there are some livestock auctions and assembly markets where the volume of livestock handled exceeds the



volume handled on some terminal markets. The current information available to sellers at these first sale markets tends to be rather limited and somewhat inadequate.

A livestock producer usually has several alternative local markets in which he may sell his stock. In order to make the decision as to which market will return him the greatest net revenue he needs to know the grade of his product and the prices in his alternative markets.

At present, most livestock producers selling at the farm or on a local market have available only terminal market information and a few sketchy country sales reports upon which to base their market decisions.

The committee made three suggestions. These are:

1. Providing more detailed market reports by grades on prices paid and volume purchased at the farm, at the auction, and at local assembly markets.
2. Intensification of the present educational programs designed to acquaint livestock producers with grading procedures and market terminology.
3. Encouraging the grading of livestock prior to sale.

#### Poultry and Poultry Products

The committee suggested that in order to improve the current information available to buyers and sellers of poultry and poultry products on assembly markets that emphasis be placed on:

1. Developing and reporting reliable information on sales of live poultry and eggs at the local level.
2. Improving all market reports on poultry and eggs through accurate classification of sales according to a uniform set of grade, weight and type standards.

#### Dairy Products

The marketing of dairy products is directly affected by health regulations, administered markets and price supports. Also, producers and first receivers of fluid milk and cream are not able to make day to day changes in marketing practices. However, buyers and sellers at assembly markets need reliable reports of volume, quality and prices paid in alternate market outlets.

The committee felt that available information on prices and supplies of sweet cream, ice cream mix, evaporated and dried whole milk and several types of cheese is rather inadequate.



Market news for primary or terminal markets provides a guide for the local assembly markets.

### Tobacco

Tobacco growers, generally, are reasonably well served with first sale price information. The current market information now available for tobacco sold at auction includes average prices by grades and quantities marketed in the various tobacco belts. Daily sales prices for Wisconsin cigar tobaccos are also reported. Word of mouth price information is probably adequate for the other concentrated cigar tobacco areas.

### Cotton

Staple length and quality factors of cotton vary in identifiable localities. The price of middling 15/16 inch cotton is reported on 14 spot markets. The committee felt that local price quotations based on the most common factors identifying cotton produced in the respective localities would tend to increase the knowledge of the local buyers and sellers and thus increase market efficiency.

### Fruits and Vegetables

Recent changes in the marketing structure for fruits and vegetables have precipitated an additional need for improved market information for the produce which is sold at the local assembly markets. The rapid expansion of direct deliveries from farms to retail stores and warehouses has decreased the proportion of the produce moving through the more conventional terminal and local markets. Conventional market quotations include only a small part of the fruits and vegetables handled daily by the trade. Few reports are available on direct sales. Buyers and sellers need detailed information on local assembly markets in order to establish a more competitive price relationship among producing areas.

Information available at local assembly and terminal markets on shipments from distant surplus areas is generally inadequate in the breakdown by grade, quality and size. As a result producers have difficulty in relating their prices to those being reported.

Information might be improved by developing a reporting system on direct sales of fruits and vegetables and relating price data being reported by grades, quality and size. In addition, there seems to be a need for an educational program for growers in methods of grading and preparing for market produce which is sold directly to retail stores.

In final analysis, the committee agreed that if we are to more nearly approach a system of competitive pricing in and between assembly markets, it is necessary for both sellers and buyers to have reliable and detailed current information.

The collection and dissemination of this type of information by state or federal-state marketing services would require increased facilities and budgets. Therefore, it is necessary for administrators to weigh the cost of improving current market information for assembly markets against the increase in marketing efficiency.

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Report of Work Group VI

IMPROVING TERMINAL MARKET INFORMATION

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What is "a Terminal Market"?

In delineating its area of responsibility, Work Group VI attempted to define a terminal market. Many ideas were expressed, but most of them failed to give definite distinctions between assembly, primary, or secondary markets and terminal markets. The general conclusion was that terminal markets should be defined as large centers of urban population having established or organized trading centers for many agricultural products. Other ideas put forth are:

- A. Markets that have considerable influence on the price-making forces for the given commodity;
- B. Markets having large transportation terminals;
- C. Any market where the primary interest of wholesalers is in moving goods to retailers and consumers as compared to arbitrage and/or concentration operations;
- D. Markets in which short-run influences are representatively reflected; and
- E. Markets having organized trading.



### Terminal Market Information

Marketing information is collected, analyzed and disseminated by private or public agencies. Most private organizations collect information to aid them in their own marketing activities; others, for sale to private firms; and a few, for newspapers and other media, such reports quite often establishing price bases for the settlement of a large number of transactions.

By and large, terminal market information on the marketing of agricultural products is collected, reported, and interpreted by Federal and/or State agencies. These agencies collect information on rail, truck, boat, and parcel post receipts; cars on team tracks; dealers' floor stocks; storage holdings; movements into retail stores; wholesale prices; jobbing prices; and other data for terminal markets. Not all commodities or items are reported on all terminal markets, however.

### Changing Significance of Terminal Markets

Terminal markets occupy the predominant position in our folklore of agricultural marketing. Such markets in earlier days contained most of the urban population of the United States. They housed marketing agencies that performed the diverse and complex functions of concentrating on team tracks or in storage warehouses practically all commodities sold from farms (such sales being very seasonal); standardizing, processing, and distributing these; and formulating prices. It is only natural that marketing information should have first originated in such centers.

In recent decades, the structure of agriculture and population in the United States has changed drastically. Examples of this are the concentration of specialized farming enterprises in small areas and the growth of many urban centers. Along with these changes have come improvements in transportation, communication, and business organizations. All of these have influenced the flow of products from farmer to consumer, the funneling of market forces, and possibly the nature of the need for terminal market information.

Nonetheless terminal markets account for a considerable part of the urban population of the United States, even if limited to the six or seven largest cities. Because of the high per capita income, heavy concentration of population, and excellent means of educating consumers in such markets, it seems probable that a more than proportionate influence is exerted by terminal markets on the supply, price, and allocation of certain types, qualities, and sizes of agricultural commodities. From this, we conclude that there is still a need for terminal market information.

### Problems in the Level of Trading Reported

Is the level at which most information is collected in terminal markets reasonable for representing and reflecting the basic forces of these markets? Theoretically, the level of trading at which price information is collected should be where the forces of supply and demand are mirrored most intensely. In the past, this was at the point of wholesale selling, and, by and large, the main emphasis in collecting and reporting information in the past, and at present, was directed at the wholesale level. The knowledge that a large proportion of terminal market receipts now bypass this level has caused many individuals to ask whether or not the wholesale level is now representative. Furthermore, the presence of only a few traders at this level gives rise to the charge that the reported information can be manipulated. What good does it do to manipulate terminal market information if it is information only? Here is where the rub is.

### Reliance on Terminal Market Information

Despite the decline in the flow of some commodities through the hands of wholesalers in terminal markets, many groups in producing areas and in markets use terminal market prices as bases for concluding transactions. In many cases, agreements are made that insulate supplies from primary price-making forces, both in producing areas and in markets. More than likely, little is known by these traders of what terminal market wholesale prices represent, nor do they understand the processes that generate these prices.

### Who is Served by Terminal Market Information?

The question was raised as to what group or groups are best served, unintentionally or otherwise, by terminal market information. This involved the question of whether or not the selection of one level of trading in preference to other levels for collecting and reporting information might give one or two groups a greater advantage than such information would give other groups. The relative understanding of grades and standards, basis of sale, and the eventual acceptance of the price leadership of the reported prices by outside groups are major factors. Furthermore, the proximity of one group of traders to market news offices permit them to make greater use of the pre-release information obtainable by telephone or visit. This group can better watch the activities of the reporter, which may result in some attempt at influencing the final report. This puts the reporter under a handicap, and makes it necessary for him to make sure he has all the information before releasing his daily report.

### Problems in Representativeness of Information

One of the first questions that comes up when considering the activities of the reporter in the collecting and reporting of market information is the question of sampling versus total market coverage. In most wholesale markets, activity, number of transactions, and the number of traders varies widely from day to day. Sampling this level of trading for information would give even thinner coverage than at present and would provide greater opportunity for "rigging." Since the number of traders and the area in which they are located is generally limited, the reporter covers the market, relying on subjective evaluation to arrive at a "price" for the day. He discards those data collected that, in his opinion, are biased by service level, up or down grading of quality, or outright dishonesty. He in effect modifies the population which is probably the most efficient and practical way of reporting price. However, the reporter finds it increasingly harder to exercise his judgment as the trading area expands, operations and transactions become more diverse, or the number of traders increases. For most of the activities other than identifying price, the group felt that the techniques of the reporter could be improved. Possible improvements will be discussed later.

### The "Ideal Daily Report"

This work group felt that the best means of examining terminal market information was to set up a daily report as generally issued; describe current practices in reporting each item on that report; discuss the "ideal" for that item; and discuss some of the problems in the way of achieving the "ideal." This was necessarily detailed, and can best be shown by the following table.



PROBLEMS IN ACHIEVING "IDEAL" MARKET REPORTING

Items on Daily Report	: Current Practice of Col- lecting & Reporting	: Ideal Practice of Col- lecting & Reporting	: Deterrents to the Ideal
Location or market	: Metropolitan area or or- ganized auction or ex- change : :	: Separate out areas show- ing peculiar price be- havior on a product : having absolute speci- ficity	: Identifying the product : specifically; delineating : sections or groups with : peculiar price characteris- tics
Time period covered by report	: Bulk of the day's trad- ing : :	: Total trading for the past 24 hours or con- tinuous reporting : :	: Cost; deadlines; time dif- ferences between markets : and shipping areas; disper- sion of trading
Basis of sale or level of trading	: Less-than-carload lots; : carlots on track; auc- tion floor; sales to : retailers; some adjust- : ments of collected data : for minor variations in : service level	: All levels of trading : by level : :	: Revealing margins; time : lags; availability of in- formation
Volume	: Complete information on : rail, boat, and parcel : post receipts; truck : and direct receipts in- : complete	: Complete truck receipts; : intermarket movements; : carryover; local produc- : tion; movements into : retail	: Scattered points of receiv- ing and trading; unknown universe
Relative volume	: General impressions : gained by reports of : situation compared to : yesterday, last year, : etc.	: Actual volume compari- sons : :	: Cost; inadequacy of infor- mation on truck receipts
Commodity identifica- tion: State of origin	: As shown by rail records : as given by truckers. : For price, as quoted by : receiver or seller	: More definite quality : descriptions for identi- fying price; state of : origin only for move- : ments data	: Lack of precise and narrow : grade classes; interest of : some in maintaining State : of origin as descriptive of : quality
Container	: Report types or groups : of types prevalent on : market	: Standardization of con- tainers : :	: Lack of standardization; : interest in retaining type : as price identifier
Variety, type, color, etc.	: Report where grade de- : scriptions are inade- : quate or where there is : a definite effect on : price	: Describe inherent qual- ity by grade not by : variety, etc., if pos- : sible	: Lack of precise and narrow : grade descriptions; inter- est in retaining variety, : etc., as price identifier
Grade or quality	: Report as used on market; : official or commercial; : reporter examines some : where information on : grade seems doubtful	: Uniform terminology : between commodities & : markets; better grade : descriptions; examina- : tion of lots by trained : graders	: Cost; indefiniteness of : standards; broadness of : grade classes; inability : of reporter to be on the : spot when transactions are made
Size or weight of unit	: Show as able to deter- : mine : :	: Accurate sizing and mark- ing packers : :	: Cost of accurate sizing
Price	: Determine the above : items for each trans- : action as completely as : possible, and report : prices for comparable : transactions as a range : with a more narrow : "mostly"	: Determine exactly and : report volume of com- : parable transactions : at each price : : : : :	: Cost; deliberate attempts : to mislead reporter; short- comings discussed above; : interest in maintaining : "a price"

## Major Items Needing Improvement

### Truck Receipts and Supply Information

One of the biggest deficiencies in terminal market information is in the area of supply information. This includes shipments enroute to market, actual receipts, carryover, local production or manufacturing, and movements into retail channels. It may be that some method of sampling retail stores to determine movements at that level plus complete information on rail and boat receipts, carryover and local manufacturing will provide a set of figures from which truck receipts can be residualized. Regardless, the series should be expanded or the method refined to give greater accuracy in supply information. Currently, the releasing of unevaluated, incomplete information may be misleading.

### "The Price."

Problems encountered in the interpretation of the price ranges and "mostly" prices reported by Market News include such things as what is the "average" price; gaps in price series; accuracy of a midpoint, top of a "mostly," etc., as indication of trend not demonstratable; possible use of any relatively stable price statistic as a quotation. Nonetheless, official reporters seem to cover the market adequately and to release price information that reflects actual sales, and make every effort not to release a quotation which serves as a base, perhaps even to the point of reducing the usefulness of the price information for precise statistical and market planning use.

### The Identification of Price by Quality

Currently, official grades or commercial quality designations of many origins and wide ranges are used by market reporters in qualifying price. In some cases, qualifying terms are applied which may at present or eventually benefit certain groups. Among the problems encountered in designating the grade or quality is the inadequacy of present wholesale grades for establishing the degree of preciseness desirable for qualifying price. The allowable variation within many of the present grades is so great that different lots within a grade may be justifiably different in price. In addition, the bulk of trading for some commodities is done before the commodities are graded. Ideally, in the opinion of this group, grade standards at the wholesale level should be more descriptive and more accurately reflect quality, and such grades should be expressed in uniform terminology for all commodities. It would also aid some if all market reporters were trained graders of the commodity for which they are reporting price information.



### Dissemination of Terminal Market Information

It is recognized that speed and accuracy are of first concern in the dissemination of terminal market information whether to producers, the trade, or consumers. Many producers supplying a given terminal market may be thousands of miles away. Mimeographed, mailed reports lack speed but retain the accuracy. Radio, television, newspapers -- public information media generally -- fulfill the need for speed, although human and mechanical errors may affect accuracy. However, for the day-to-day price information that producers especially need, the advantages of public media appear to outweigh the disadvantages.

Thus, if a practical way could be found to eliminate the time-consuming daily mailed reports, some terminal market reporters might be freed for more attention to speedy dissemination and interpretation, or to more thorough coverage of receipts information. Statistical data such as prices, receipts, stocks, unloads and so on could be issued weekly by mail, for the use of statisticians and others who need more permanent terminal information.

Trade individuals and groups at terminals appear to be in the best position to obtain terminal market information readily -- through personal contacts, by telephone, certain private reporting agencies and wire systems, and specialized publications. Trade interests outside the terminal centers -- have the same problem in obtaining speedy information as producers or consumers, although private reporting agencies are more generally available for such trade groups.

Consumers present a separate problem. Probably the level of supplies is of more concern to the consumer education specialist than the wholesale prices. While it seems unlikely that consumers generally require daily information, speed is still a factor even in weekly reports of supplies because of the rapidly changing nature of markets for many commodities. In addition, some time lag is inevitable since a greater degree of interpretation is required when information for consumers is based on terminal market data.

### Interpretation of Terminal Market Information

How much interpretation of terminal market information producers want or need is difficult to determine. Over the long-range, they undoubtedly look to marketing specialists and economists to interpret for them the over-all marketing picture -- embracing actually more than terminal market data. But day-by-day, producers appear interested primarily in price trends -- in the simplest terms possible. This again introduces the possible interpretation of such simple reports as quotations.

We may need to give more thought to communicating with producers -- in translating terminal market terminology into language for easy reading and listening. If interpretation or analysis is needed, the group



felt that it might lie in the localization of market information. Rather than attempting to tell the producer what terminal market information means to him, it might be better to tell him what it means to his local markets or outlets. This, of course, opens up the whole area of local or country market reporting, and it is not within this group's considerations.

#### Evaluation and Conclusion

The improvement of terminal market information seems to lie largely in one major area, improving the quality of presently reported items. In general, it seems that the coverage of terminal markets, at least for most commodities, has reached the limits of practicality. However, there is the possibility of profitably expanding coverage outside of terminal markets or reporting other levels of trading.

Although complete marketing information is essential to the proper functioning of the marketing system, the extreme diversity of commodities, channels, and practices make it impractical to report complete information, and the task then becomes one of properly allocating resources to those commodities and those points most likely to provide representative and useful information. It seems doubtful that the wholesale level of trading qualifies under this provision for all commodities and all terminal markets. However, a much more intensive evaluation of this area of marketing information is required.

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Report of Work Group VII.

SUPPLYING INFORMATION FOR RETAILERS

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Scope of Discussions of Work Group VII

Discussion in this work group was limited primarily to market information for retail food stores and service wholesalers as an aid in buying and selling.

Introduction

Market information to retailers has received less attention than any of the other levels of the marketing structure. For most food products retailing takes about one-third of the marketing cost of these products. Therefore this group feels that more attention should be given to providing market information to the retailer. This market information includes data on and interpretation of the prices, production, stocks, movement and quality of food products bought and sold by retailers and service wholesalers. It should be noted, however, that this market information on commodities is only part of a wide range of research, service, and educational programs that can provide information for retailers and service wholesalers to improve the efficiency in distribution of farm products.

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\*Mr. Raymond C. Scott was called to Washington during the middle of the sessions and Mr. William F. Lomasney was appointed leader in his place.

### Objective

To provide market information to retailers that will foster increased efficiency in retailing food products.

The group has discussed this objective under each of the following five points:

I. Develop an understanding and application of available basic data including market news on supplies, price, quality, and movement.

(A) It was noted that some of the sources of information now available to retail outlets are:

- (a) word of mouth from wholesalers
- (b) price list from trade associations
- (c) shopping other stores
- (d) trade sheets
- (e) private reports
- (f) government market news reports
- (g) personal visits to local wholesale markets
- (h) daily newspapers
- (i) radio broadcasts and television

(B) The basic statistics of current information for planning and developing merchandising and advertising programs come from the following sources: crop and livestock production reports, market news reports (wholesale and retail, public and private), stocks on hand reports, and cold storage holdings and canned stocks.

II. Improvements suggested to make market information on movement, stocks, price, quality and market news more useful to the retailer.

It was noted by the committee that:

It has never been clearly determined what market information will be most helpful to the trade. Before we can serve the retailers, we must go out and find what they want and need to know. Some agencies are acquainting them with the reports now available through meetings and other media. The answer possibly exists by altering, or even issuing completely new reports.

Some of the improvements needed are:

- (a) Grade standards that more nearly meet the consumers acceptance. U.S. grade standards for many commodities were developed for the wholesale trade and have little or no meaning to retailers.
- (b) Market information, publications and methods to be further summarized and simplified to bring about greater utilization of buying and selling information for small volume stores as well as for larger market operators.



Publications and Methods Suggested:

1. Bibliography of market information material.
  2. Guide to the use of present market information.
  3. Interpretation of fact sheets -- weekly, quarterly, using more graphic presentation.
  4. Visual aids such as film strips, slides, etc. on outlook, practices, and methods be distributed more widely.
  5. Organizing small group meetings of operating management.
  6. Representatives of the various public agencies should meet periodically to exchange information and methods used successfully.
- (c) Market news needs to be more meaningful in reporting factors of values relating quality and conditions to prices.
- (d) Information needed regarding the relative reliability of brand labels as a buying guide.
- (e) Improvements in market information should be developed in consultation with representative trade sources. However, an understanding of the service and research available to the trade currently should be determined before consultation with these groups. Continuous evaluations of costs and the results obtained through improved methods should be a joint responsibility of the trade and public agencies concerned.
- (f) The committee recognizes the need for market information that is timely. Food distributors utilize market information of current, intermediate and long range import. Evaluation of available current information underscores this as a major limiting factor to use of these materials.

The above suggestions are presented without consideration of priority listings or determining possible costs or financing methods.

III. Potentials, values and techniques of retail market news.

Potentials:

- (a) Provides means for greater understandings of total market situation that can guide and direct workers to broader problems and needs of the marketing fields and greater efficiency.
- (b) The most useful type of local retail market news would incorporate enough division of information to accurately reflect price differences in variety, number of items, size, quality, origin, sales volume of outlets for principal kinds of food.

- (c) Retail market news can serve as a basic source of market information upon which to appraise grade standards.

Values:

- (a) The value of retail market news should be: To provide consumers with information for establishing a sound basis for making buying decisions.
- (b) To provide retailers with information that will enable them to compare selling prices with competitors so they may compete more effectively.

Techniques and needs:

- (a) Necessary size of samples and comparative cost in financing should be determined.
- (b) Written reports should be simplified and reduced in length. Retailers are busy people and find the greatest value in direct contact through meetings, clinics, and market visits.
- (c) Retail market news initially should be based on the realistic needs of trade and secondarily on use as a further source of information for professional workers. Research is needed to establish this base. Analysis of retail pricing policy and practices as a guide to determining value of retail market news is needed.

IV. Ways of obtaining greater cooperation from wholesalers and retailers in research, service, and educational programs.

- (a) Programs to be readily accepted by the trade need to offer immediate benefits to the retailers. This is important if active support and participation by retailers is to be obtained and is also important in light of the interest of handlers in maintaining low cost of government services.
- (b) Informative programs for retailers and wholesalers should be planned by the marketing specialist. Guidance of the program by responsible trade people is necessary to achieve best results and acceptance. In addition trade persons can contribute much to the actual conduct of the programs.
- (c) Result demonstrations and participation methods of teaching new ideas to successful businessmen may be productive.
- (d) Demonstrations and research in retail stores should be conducted so as to cause a minimum of interference with store personnel and store operations.

- (e) It is important to give special consideration to means of effectively presenting research and demonstration results to cooperating stores -- using personal conferences with top management, personal letters and perhaps conferences with individual store managers and personnel.
- (f) All public agencies should be kept informed of each other's activities in the same program field and work towards greater cooperation. Greater coordination will also help maintain fair trade relations and equal treatment to competing firms.
- (g) It must be kept in mind that there is keen competition within the food industry and any information obtained in confidence must be carefully guarded.

The committee recognized that ways of increasing agency assistance to trade involved:

- (a) A basic factor in developing working relations between professional workers and trade is the establishment of better communications. Often there is a block occurring in vocabulary levels alone. Workers in public agencies should find ways in which communications can be improved and exchanges realized. Professional workers in public agencies should emphasize ways and means of positive assistance.
- (b) Provide research and extension materials to trade associations and trade publications.
- (c) Proposed news stories advertizing and merchandising aids, television and radio program material relating to market news and promotion of surplus agricultural products should be organized and supplied trade agencies and market operators in forms useable in local areas.
- (d) Marketing and merchandising information that has been applied at the retail level can often be presented effectively by operators themselves to the trade as a supplement to the original study, report, or demonstration.

#### V. Interpretation and application of consumer preference and behaviour:

The committee felt that time limitation prevented adequate consideration of this area but wished to be recorded as observing that probably the greatest value to the retail trade from this type of work will be determined by controlled studies of purchases at the retail level. All communication means should then be utilized to achieve greatest understanding of the results of this work.



Summary

It is the feeling of this work group that all public agencies should work closely together in developing this field of market information with wholesaler and retailer. Reports of spot market news on a daily basis can be as useable and practical as a direct means of disseminating information. In the area of research many problems need continued investigations, not the least of these being those investigations that might be conducted by State Departments of Agriculture and Markets that would review legislative needs in the light of improving technology and adjustments that are continuing to be made in market organization and structures. Improved interpretation of basic market data and greater application of better marketing practices by State Extension Services can receive greater consideration and be of great value to service wholesalers and retail market operators. All groups can greatly improve communications with trade organizations.

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Report of Work Group VIII. 1/

TRADE PROGRAMS TO INFLUENCE CONSUMER DEMAND AND BUYING PRACTICES

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Participants in this group considered the role of trade programs in influencing consumer demand and buying practices to the extent that trade promotion programs help to:

- (1) Maintain a balance between supply and demand for specific commodities.
- (2) Assist consumers in making better choices of agricultural commodities price-wise and also, in the case of food, from a nutritional standpoint.
- (3) Transmit back to producers information that encourages quality control and a production balance consistent with current consumer demand for broad groups of agricultural commodities and for the various commodities within each group.
- (4) Assist in the introduction of new products and product forms and maintain or improve the demand for established products.

1/ Report accepted unanimously by the Group.

They may increase the net income of farmers and middlemen. The group concluded that advertising and promotion programs are the best means of direct communication between producers and consumers.

#### Operational Methods

Trade programs are carried out at one or more of the following product levels:

- (1) For a specific commodity group, such as poultry or meat.
- (2) For a specific item within a commodity group, such as prunes or cling peaches.
- (3) For a brand within a commodity group (private brand).

#### Operational Media

In general the following tools are available for developing and executing trade programs:

- (1) Direct advertising at the brand and commodity level.
- (2) Dealer services - tie-in sales, coupons, etc.
- (3) Improving or modifying merchandising practices.
- (4) Consumer news and education.
  - (a) Nutrition
  - (b) Foods information
    - memo
    - handling and preparation
    - selection
    - economy
  - (c) Plentiful food lists and shopping guides
- (5) Trade education.

In general a combination of these tools was considered essential for maximum effectiveness.

The following factors should be considered in determining the extent to which these means or combination of means should be used:

- (1) Trends in per capita consumption.
- (2) Price per unit of volume.



- (3) Seasonality.
- (4) Uniformity.
- (5) Dispersion of production and product areas.
- (6) Ease of packaging and displaying.
- (7) Competitive nature.
- (8) Form in which consumed - fresh, frozen, canned.
- (9) Degree of preparation.
- (10) Multiplicity of uses.
- (11) Storability or perishability.
- (12) Frequency of use.
- (13) Consumer status characteristics.
- (14) Quantity of production.
- (15) Possibility of differentiation in mind of consumer.

#### Organization and Programming of Promotional Activities

Trade programs function through one or a combination of the following participating bodies:

- (1) Individual entrepreneurs who generally promote brand items. Such individual entrepreneurs furnish operational media for programs and may give cooperation and financial assistance to industry and quasi-governmental programs.
- (2) Cooperative bodies or organizations which generally promote a specific item or items within a commodity group or one commodity. Example: Florida Citrus Commission which promotes oranges, grapefruit, etc., but not all fruit. Other such groups promote an entire commodity. Example: Poultry and Egg National Board which promotes Poultry and Poultry products. Such groups also furnish operational means for a program and give operational assistance to industry and quasi-governmental programs.
- (3) In some instances governmental agencies promote on a commodity basis. Such agencies operating through marketing agreements can coordinate supply and demand at a profitable level, provide grades and standards for selection of different levels of quality and can supply information on the nutrition, production, price, consumption trends and volume of product moving through the marketing system. The success of a promotional

campaign may be determined to a considerable extent by the degree of cooperation achieved among the interested groups.

The above listings of factors and functions were evolved from discussion of existing programs of various kinds.

Research can make considerable contributions at:

- (A) The program development or planning stage where information is needed to initiate a total well-integrated marketing strategy. Such information as (1) volume, (2) consumption trends, (3) demand characteristics, (4) commodity characteristics, and (5) consumer attitudes should be obtained and evaluated during this stage.

From this information the various population groups to be reached can be identified, advertising strategy developed, advertising copy specified, and media selected. Further, the program can be coordinated so as to make the most effective use of advertising; that is, the ties with important wholesale and retail organizations.

- (B) Program evaluation stage where the effect of a trade promotion is evaluated. From research collected during the program it may become evident that shifts in the use of certain promotion techniques are desirable.

Some criteria (mostly in combinations) which can be used for evaluating the success of a trade program are:

- (1) Volume of sales with reference to the net returns (output versus input)
- (2) What segments of the population increased their consumption?
- (3) What changes took place in consumer attitude or buying behavior relative to the product?
- (4) What did the consumer learn about the commodity?

#### Criteria for Determining Whether a Program has a Reasonable Chance for Success

In discussing the various criteria for a successful program, the group had time to adequately consider only the characteristics of the product. Other criteria received less attention. Inevitably in noting product characteristics, there was some spill-over into the categories of potentialities for: (1) consumer response, and (2) effective cooperation of and between the production and distribution systems. Generally, it was felt that the size of the program was a consequence of an analysis of the characteristics of the commodity and the potentialities for consumer response. Some mention was also made of the limiting factors of

the type of organization prevailing (commodity boards) and the source of funds (state versus private) with regard to the size of program.

It is difficult to isolate the effect of any single factor on the success of a program but the following were considered basic determinants and need to be present in varying quantities if the program is to have a reasonable chance of success.

1. Favorable demand characteristics.
2. Non-seasonal in nature.
3. Ability to identify the product at the consumer level.
4. An adequate and consistent volume of production.
5. Wide geographical sales.
6. Quality control and ability to enforce controls.
7. Adequate financing.
8. Lack of serious trade barriers.

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Report of Work Group IX.

INFLUENCING BEHAVIOR THROUGH MERCHANDISING PRACTICES

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This group was assigned the task of considering ways of developing and applying information on improved merchandising methods. It was suggested that particular attention be given to retail store studies designed to evaluate the relative effect of alternative practices upon volume of customer purchases and upon the quality selections of customers. It was also suggested that consideration be given to questions regarding the short- and long-run point of view, the commodity point of view, and the impact on producers as well as retailers.

In order to establish rough boundaries for discussions within this group, the following definition of merchandising was adopted:

Merchandising includes those activities surrounding the offering of commodities to customers such as displaying, packaging, pricing, advertising, labeling, and other practices. The objective of research

and extension in this area is to determine the effect of alternative methods of merchandising on net returns to agencies concerned and to further the application or adoption of improved practices.

The group recognizes the value of making use of all available knowledge in research programs aimed at the problem of developing improved merchandising practices. While eagerly awaiting the deliberations of Work Group X, or any other effort designed to provide a systematic and orderly theory of consumer behaviour, the Group felt obliged to proceed with the discussion of alternative techniques useful in testing various hypotheses. Discussion regarding the source of hypotheses was limited, but it was recognized that in addition to the more commonly thought of functional and economic values to which merchandising appeals may be directed, that such things as aesthetic, sentimental, status, and self-esteem values may be useful targets for merchandising appeals.

In the absence of an adequate formal theory of consumer behaviour as the source of hypotheses, it is suggested that the experience of retailers and even an ordinary amount of common sense may provide fruitful hypotheses as a basis for further quantitative work in this area of investigation. It is also suggested that the results of further quantitative work may be a worthwhile and necessary part of the process of developing an adequate theory of consumer behaviour.

Considerable discussion developed around the various elements of merchandising in which alternative practices might be utilized. It was recognized that the suitability of various alternatives would vary with commodities but that a general discussion might be useful in stimulating further thought along these lines. A general listing follows.

1. Form
  - a. Whole or parts
  - b. Fresh or processed
2. Displays
  - a. Location
  - b. Size
  - c. Color combinations
  - d. Appearance
  - e. Convenience
3. Packaging
  - a. Type
  - b. Size
  - c. Design
  - d. Color
  - e. Appearance
  - f. Visibility of product
  - g. Labels

4. Quality
  - a. Firmness
  - b. Color
  - c. Cleanliness
  - d. Shape
  - e. Uniformity
  - f. Defects
  - g. Price
5. Pricing
  - a. Tie-in sales
  - b. Coupons
  - c. Novelties
  - d. Leaders
  - e. Multiple-unit
  - f. Odd cent
  - g. Unit
  - h. Pricing on nines
  - i. Luxury pricing
6. Advertising - For the purpose of this discussion we have considered advertising to include those activities performed by agencies not owned and controlled by the retailer.
  - a. Television
  - b. Radio
  - c. Newspaper
  - d. Handbill
7. Promotion - Promotional activities were considered to include those activities performed by the retail organization.
  - a. Samples
  - b. Demonstrations
  - c. Novelties
  - d. Premiums
  - e. Point of sale
  - f. Window
  - g. Labels
8. Customer education
  - a. Quality
  - b. Nutritional value
  - c. Use
  - d. Method of preparation
  - e. Handling
9. Trade education

In addition to the specific categories of merchandising practices listed above it is recognized that such things as parking lots, store design and layout and many other broad categories of merchandising activities



are important. They were not included in this discussion since they do not lend themselves to evaluation in the type of experimental work on which this group was to concentrate attention.

Considerable time was spent in discussing various techniques available in the collection of data required for testing hypotheses. The general conclusion was reached that no single technique was suitable for all purposes and that all techniques had some advantages and disadvantages in a broad program of merchandising research. A brief summary of the points raised in this discussion follows: 1/

The mail questionnaire as a technique to obtain information relative to merchandising practices has a useful but limited role. It is useful to trace the distribution of products sold in retail stores. Information on customer characteristics and their use of the product have been obtained by this means. The questionnaire is often included with the product at the point of sale. It is possible to use this technique to determine some characteristics of customer preference as a preliminary step in a more intensive investigation. Under certain conditions it may also be used to determine rates of sale of products from retail stores.

The major advantages of the mail questionnaire method are economy and simplicity. It permits a wide coverage at a low cost.

Sampling and non-response biases are major limitations. The questions that can be asked on the questionnaire must be limited in number. They must be carefully prepared if reliable interpretations are to be made.

The personal interview is an important and useful method of getting an understanding by research and extension workers of the merchandising practices employed by retailers' and customers' past behaviour to these practices. It may also be used for pre-testing consumer opinions for new techniques in merchandising but is unreliable as a method of precise measurement of consumer response to new techniques.

The personal interview method has certain advantages particularly over the mail questionnaire method in that a greater number of questions can be included and depth questioning can be employed. Cooperation between the researcher and the person interviewed can be easily obtained and need not be arranged in advance of the interview. A large number of interviews can be obtained in a relatively short period of time.

Perhaps the greatest limitations of the personal interview method are the difficulties of isolating the reaction of customers to any given

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1/ For a more complete consideration, reference is made to the report of the 1951 Marketing Research Workshop on Market Demand and Product Quality, Work Group I, Techniques of Studying Consumer Behaviour and Preference, Page 94.

merchandising practice and the difficulty of determining the response to non-existent practices. The attempt to overcome the first limitation through statistical techniques makes it necessary to obtain a large number of records and even then it is impossible to obtain the net relationships between individual factors.

Other obvious limitations of this method are memory bias, non-response, biased response, enumerator bias, and the difficulty of constructing good questions.

The interview method is rather inexpensive to use and if its limitations are recognized it can serve as a useful tool in studying consumer behaviour to merchandising practices.

The observational method is a technique of obtaining information about the influence of marketing practices through observations by trained enumerators in the market place. This method excludes interview or other contact with the respondent. The observations may be of uncontrolled or controlled practices.

The observational method is useful in checking existing merchandising practices preliminary to conducting an experiment. It is useful in obtaining information on customer habits, rate of movement, physical standards and similar information.

The observational method is valuable because of its simplicity. It has the disadvantage of enumerator bias and inability to measure subjective factors such as intensity of desire.

Historical data may and should be used whenever available. However, the necessary information on variation in merchandising practices is usually not available.

The panel technique is usually thought of as a selected group subjected to repeated tests. It was suggested that the panel approach might be more useful in consumer preference studies than in the area of testing the effect of merchandising practices. It is useful in measuring quality differences in products particularly in the process of introducing a new product. The panel technique is also useful in improving products already offered for sale.

The advantages of the panel method are that the population (or universe) is known, and it is an economical way to narrow down possibilities when selecting a new product.

Probably the greatest disadvantage in the use of this method in the merchandising field is the difficulty of selecting and maintaining a representative panel.

Test vs. control store technique compares the performance of the product, merchandising technique, or other practice in a group of test stores, with the performance of another practice in a group of control stores. This method is perhaps most useful in measuring long-run or growth effect of a practice and where practices difficult to use in rotational designs are involved.

One of the primary advantages of this technique is that it is easy to understand. Also pre- and post-test data are usually obtainable. By proper matching of control and test stores and by holding other variables constant, the independent effect of a particular variable on retail sales may be measured. By this technique, data are collected under normal operating conditions. Since only one lot is offered, customers do not realize that they are being confronted with an experimental lot.

The biggest limitation to this technique is the difficulty of matching stores. The work and planning of such a test involves considerable time and expense. Close cooperation on the part of retail store personnel is required. Another disadvantage of this research technique for certain types of study is its relatively poor adaptation to studies designed to test several variables simultaneously. Even assuming that the desired number of test groups of stores could be obtained, the design of this type of experiment would be more expensive than a latin-square or other rotational design. The limited number of stores that can be afforded will also limit the generalizations that can be made.

The matched-lot is another research tool used to measure customer behaviour. This research technique has proven useful in the measurement of customer choices of alternates offered simultaneously. Two or more products are generally offered side by side. The customer has an opportunity to compare the products before making a selection. The matched-lot technique may also be useful as a merchandising practice designed to introduce a new product or brand.

Researchers have found the matched-lot method useful because it is easy to operate. Data collected is also relatively easy to analyze. This technique overcomes many of the limitations of other marketing research tools by eliminating many of the non-test variables.

The matched-lot technique has certain limitations. Care needs to be exercised in interpreting results. Data obtained at the retail level do not give the intensity to which a preference may be translated into future sales. Positional bias is another problem that must be considered as a customer may select one product over another because of its position in the display. Another disadvantage of the matched-lot method stems from the fact that data are often collected under artificial or unrealistic store conditions.



Rotational experimental techniques offer a variety of designs (latin square, split plot, etc.) available for measuring the effect of alternative merchandising practices. The selection of the design to be used in a given situation should be made on the basis of the researcher's objectives, costs involved, personnel required and many other considerations. Another point not to be overlooked in the evaluation of this technique is that many times more precision is attached to the results than is justified--particularly in this area of merchandising research.

Experiments in which rotational designs are used do have an important place in the field of marketing research. This technique is well adapted to the study of the effects of different merchandising practices on volume of retail sales. It is uniquely well-suited for this purpose since it provides a means of minimizing the effects of all non-test variables.

This research technique has some advantages over others commonly used in merchandising research. It permits the testing of a number of variables (merchandising practices) over a relatively short period of time. The results can be obtained and analyzed rapidly and the data made available for general use rather quickly. Another advantage, equally as important as those already mentioned, is the fact that data are gathered under normal operating store conditions.

This technique, however, as is common with most research techniques, does have certain limitations. It should be pointed out that the operation of rotational experiments in retail stores requires an extreme amount of cooperation on the part of researchers, store officials, managers and personnel. At present it appears to be a method that is used primarily for testing the effects of various merchandising practices on retail sales in the short run.

In general, it appears that the analytical tools available to evaluate merchandising techniques are limited to the study of relatively few treatments (practices) at any given time. Many factors influencing behaviour resulting from a practice or set of practices are not limited to an economic explanation, but involve sociological and psychological study. Economic as well as other influences may not be easily quantified.

Although the present techniques of statistical and economic analysis are limited, present merchandising studies may be used as a guide toward improved practices. The cooperation of sociologists and psychologists in such studies may aid in the interpretation of behaviour resulting from specific practices.

These types of studies are easily adapted to the study of short-run individual store effects. While this inevitably raises questions of long-run and aggregative effects on consumption, it is also recognized that practical merchandisers are frequently primarily interested in short-run practices because of the dynamic nature of the merchandising field.

Because of this situation, follow-up studies ought to be conducted if our study of the merchandising of a particular product is to be effective. Periodic follow-up studies should reveal the nature of trend, changes in tastes and the like.

Controlled retail studies of particular merchandising practices are difficult to develop and administer. Detailed planning and coordination is necessary from the initial through the final phase of study. Cooperation between research and store personnel is the key to a successful study. Such cooperation requires a sound public relations job at the store level, as well as the executive level. Care must be taken to prevent store workers from altering the conditions of study. The appropriate statistical techniques are meaningful only if the treatments are carefully controlled.

A problem may arise if an inappropriate design of study is selected. The interpretation of results of such a study may be misleading. There is a danger that the results of a merchandising study may be misinterpreted, even if the appropriate design of study is used. The results of such a study properly designed and conducted are applicable only to conditions existing in the study.

The problems of communication and resistance to change may arise after a merchandising study is completed. Although a new practice may be revealed as superior to an existing practice, the retailer may resist a change because of competitive conditions. All techniques available to the research worker in studying consumer practices and attitudes towards specific merchandising practices have their limitations, but each may be valuable in the study of a merchandising problem, if properly used.

One of the main difficulties confronting the research, extension or service worker is that of evaluating the effects of a given or proposed merchandising practice on producers, marketers or consumers. At best, we may be able to indicate a better or worse effect but not the magnitude of the effect of a new practice. Then, too, the problem arises concerning the net effect on the sales of a particular group of competing products, if a superior merchandising technique is practiced with one commodity. To a limited extent cross-elasticities may be derived. A criticism may arise if not enough product cross-elasticities can be developed by any given study.

In summary, our present techniques of studying and evaluating merchandising practices are short of fully answering questions of an aggregative and long-run nature, but through the use of these techniques we may develop more refined and inclusive techniques leading eventually to an improved understanding of the effects of merchandising practices on consumer behaviour.



Report of Work Group X.

CONSUMER BEHAVIOR AND PREFERENCES

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Why We Study Consumer Behavior and Preferences

For many years our domestic marketing system moved a large proportion of consumer goods over relatively short distances, subjected the goods to relatively few changes and required few people to handle these goods between the point of production and the point of consumption. Often the producer and the consumer met in the market place to make their exchange. When problems arose they could often be solved on a personal basis. The producer with an over-supply was his own merchandising man and used his own judgment in manipulating prices in a gamble for greater sales. The consumer with a product complaint could report directly to the producer. By being in the market the producer knew very quickly whether he was losing part of his market because a competitor had a product of better quality, whether he was underpriced for identical quality, or whether non-purchase was due to local unemployment.



All of this has changed. There are great physical distances over which commodities are moved, our fabulous technological machine, with its increasing levels of specialists, imposes an ever growing army of people between producer and consumer. Our foods and fibers appear in the market place so changed in form that we often require detailed labeling to identify them for us. We have a profusion of choice and an income level which permits considerable freedom of selection. The market keeps changing and the producer and other levels of the trade need to know quickly and precisely what the consumer is doing and thinking - and why.

If all we needed to know was "what" was happening, we could work with aggregates alone. However, we need to know not only what has happened in a market - we need to know the "why" if we are to avoid mistakes of the past, if we are to find solutions for the present and if our increasing body of knowledge will permit prediction for the future.

With this growing curiosity about why the ultimate consumer behaves as he does has come an awareness that this person is a highly complex reactor and that those who produce and sell cannot know what the consumer wants and why he wants it without undertaking a systematic program of finding out. Hunches are not good enough and errors in personal judgment are too costly.

Many groups of people want to know about the consumer and we must clearly recognize that the objectives of consumer preference research differ considerably as the objectives of the users of the data differ.

To give guidance to their practices, producers, processors, manufacturers and retailers want to know what products and what varieties of products are desired, what quality standards are discriminable, which are desired, how and in what sizes products should be packaged, what services must be added to create greatest consumer appeal and maximum sales.

To give guidance to educational programs, educators want to know why people make certain selections - what criteria the consumer sets for acceptance. They want to know what the consumer really knows about the products he selects. We are no longer willing to try to inform people unless we know what information is lacking. Present living is such a maze of formal education and promotional efforts that we can no longer assume that we know how informed the public is on any single item until we actually take a measurement.

#### Need for Interdisciplinary Research

Taking measurements and understanding behavior are not accomplished simply because we recognize the need for such knowledge. Just as our marketing structure has become more efficient and more specialized so has our research activity. One cannot be an expert in a large area - our efforts are directed toward more precision and we concentrate on smaller and smaller areas. In addition, a scientist cannot work alone and undisturbed.

He is asked to do applied research and he is pulled into direct work relationships with other disciplines which require his advice. We cannot be experts in all things - but we can recognize experts and use their skills.

The problems of measuring and anticipating consumer behavior and attitudes are a challenge to group research. The breeder needs the economists knowledge, the marketing specialist must know production problems, the researcher must learn what is economically feasible, what is psychologically reasonable, whether it is measurable statistically. As we look at our problems and design our research plans, we move through two areas which are becoming more and more indistinguishable - the area which is our production and distribution system and the area of techniques of social science and natural science research.

### What is Consumer Preference?

To facilitate discussion the concept of preference was defined to mean a person's overt reaction to specific characteristics of commodities in relation to their possible selection. In so-called consumer preference studies it is often a verbal expression. It was agreed that expressed preference must be evaluated in light of the level and type of the individual's experience.

In the market, real preferences cannot always be fulfilled. They are only reflected in a total which includes availability, relative price, the use to be made of the purchase, the circumstances in which it will be used, and other personal values - and as these change so do the behavior and preferences based on these components.

### Social Psychological Framework

Attempts to understand the consumer have resulted for the most part in a large volume of relatively unordered data. It is now time to organize knowledge into a more vigorous theory in order to discover principles which will permit generalizations for more than the immediate situation. One group of social psychologists has developed a framework for the study of value categories of material objects.

By their definition values are the meanings attached to objects, situations, or persons. They become the criteria against which evaluations are made and satisfactions to be gained are judged. Values are guides used in the decision-making process. The particular value which may be most salient in determining a decision may vary among situations and among individuals.

Values arise out of social experience and develop into group concepts of desirability. The group whose norms serve as a basis for a particular value is called a "reference group." The reference group used in a particular decision-making situation depends upon the type of material

object involved. Each individual draws his values from a variety of sources and uses the set of criteria which seem to him to be most appropriate to a given situation.

Groups can differ both in terms of the objects they want and the meanings they attribute to them. Consumer behavior encompasses both of these factors, the "what" and the "why". A prerequisite to prediction is an understanding of the basic values which govern the decision-making process.

Values can be categorized in a variety of ways depending upon the use to be made of them. This particular classification has been developed to provide a general framework applicable to any material object. While the categories may be changed or modified with further study, they do provide a useful starting place for research projects and merchandising programs.

#### Six Major Value Categories of Material Objects

1. Status-giving - how important does it make you feel in relation to others.
2. Self-esteem - does it add to a sense of worth in your own eyes.
3. Functional - what will it do for me or to me.
4. Esthetic - what are the sensory appeals.
5. Sentimental - is it associated with a positive feeling toward another person, a pleasant experience or the historical.
6. Economic - is it a good buy.

#### Methods of Measurement

The investigator of consumer wants has a variety of methods to apply in the solution of the diverse problems arising in his field. Different problems require different approaches and it is of primary importance to select the method or combination of methods which will best fit the particular situation.

It is first necessary to carefully define the problem to be studied and the objectives to be satisfied by the study. Further, a list of specifications for data necessary to satisfy each objective should be developed. The investigator should consult a statistician at this stage of planning to get his recommendations for choice of the best method to provide the answers needed. The investigator, who is usually a subject matter specialist in the field of study, is in the best position to provide answers to certain questions which the statistician will ask regarding the universe being studied or sampled.



A number of methods of measurement of consumer behavior were presented for discussion and a few of the principal considerations and advantages and disadvantages of each method are outlined below.

#### A. Analysis of Store Records

Analysis of retail store records to obtain data on inventories, receipts, volume of sales, and prices provides a relatively inexpensive basis for obtaining data on the movement of commodities to the consumer. It is also possible through this approach to relate merchandising practices to sales by keeping appropriate sales record. Comparison of the relative amounts of different products sold is used as an indication of consumer acceptance.

Such data are important for certain types of economic analysis but do not provide information on characteristics of consumers or specific attributes of the commodity which determined the choice.

#### B. Retail Store Experiments

Use of the Latin square experimental design in measuring the effect of merchandising practices on volume of sales was discussed. This method permits use of the analysis of variance in determining the significance of the effect which various practices, such as size and type of package, have on volume of sales. A number of the conditions which must be met and limitations regarding use of this method were brought out, as follows:

- a. The effects of all factors not being tested should be randomized. This condition is difficult to meet in independent stores because of the variations in management. It works more easily in chain stores under central control where fairly uniform conditions can be maintained.
- b. The researcher must have considerable knowledge of the universe and the commodity being studied in order to properly select and rotate treatments or practices.
- c. The method of experimentation requires a great amount of co-operation and interest on the part of store operators.
- d. The method is relatively costly, inasmuch as the proper measurement of effects requires study over long periods and requires close supervision of survey procedures. Further, if results are to have any statistical significance a number of replications of the experiment should be provided for in the design. However, the additional cost and care are worthwhile. Modification or short cuts may give results of little or no value.

Another method discussed was the "matched lot" technique in which two or more lots of a given product being studied are placed in each sample store. These lots must vary only in the characteristic under investigation, which is a requirement that is often difficult to satisfy. The relative sales over a given period of time are used as the measure of consumer acceptance of each of the experimental lots.

Another experimental technique is that of comparing sales in "test" stores with those in "control" stores. In the sample design both groups of stores are matched as nearly as possible, but the variable or lot being tested is offered only in the test stores.

### C. Panel Reporting

The panel method of measuring consumer buying behavior consists of setting up a panel of consumers, usually households, which is a sample representing all consumers. The panel members keep diary records of their purchases or are interviewed at intervals regarding purchases of designated commodities, by kind, amount bought, size of package, and price paid. Results are tabulated into aggregates and averages for the panel, and expanded to furnish totals for the statistical universe represented.

The panel approach has the advantage of providing purchases by consumers from all sources, although it misses institutional movement which requires separate collection. Family characteristics data are provided, along with such data as percent of families buying and rate of purchases per family. While it is thought that the use of a diary form for recording purchases minimizes memory bias, the problem of cooperation is introduced. Given a probability sample or panel to begin with, experience has shown that only part of those chosen will participate and it is necessary to substitute cooperating families having characteristics as nearly as possible like those who decline or drop out. Conditioning effect on respondents is also a factor that must be considered.

### D. Personal Interview Surveys

The interview method is frequently used to provide information on reasons for consumer behavior, likes and dislikes, reasons for these attitudes, factors motivating buying or non-buying behavior, attitudes toward merchandising practices, and a number of other items. Although the method is relatively expensive, it is the only way to obtain satisfactory answers from consumers to the kinds of questions outlined above. Cooperation can usually be obtained from 90% or more of the households included in the sample, thereby holding non-response bias to a minimum.

If data are needed on quantities of products purchased, prices paid, and frequency of purchases, some memory bias can be expected. This bias varies with different time intervals and by-product and nature of purchase. The method requires a carefully trained staff of interviewers who are skilled in handling open-end questions with specific reference to non-suggestive probing for meaningful answers.



### E. Mail Surveys

Surveys by mail are relatively inexpensive and provide a method for quickly contacting a large number of respondents. Although this is a quite useful method in many areas of research and service work, it has relatively limited use in studies of consumer behavior. Questions on attitudes, motivation, and reasons for likes and dislikes are not adaptable to mail questionnaire techniques.

If a problem involves questions of a rather simple nature, such as "yes - no" check questions or those requesting quantities, prices, and related data, the mail survey method may provide satisfactory answers through adherence to recognized techniques for handling non-response bias. Use of second and third mailings, telephone calls, and possibly a personal interview follow-up of a sample of non-respondents are necessary to provide answers which are representative of the universe being sampled.

#### Consideration of Specific Problems

In the course of the discussion of the various methods of measurement consideration was given to specific research problems confronting members of the group and techniques were evaluated for appropriateness in relation to the objectives of the studies. In these clinics the group was confronted with the need to ascertain: consumer preference for grain-fed vs grass and milk-fed beef, at different price relationships; evaluation of relative effectiveness of different methods of merchandising flowers; use of certain quality factors by consumer buyers in selection of beef cuts, holding price constant; how to define availability of poultry and whether availability is related to sales volume, in cities of less than 50,000 population.

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Report of Work Group XI.

SUPPLYING CONSUMER BUYING INFORMATION

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### Diverse Character of Group

The diversity of experience and problems of the individuals within this work group presented a problem. In the group were workers, who had been in such programs for only a few weeks and those with several years experience, personnel from regional, city, state and county marketing information programs for consumers as well as information specialists and State Department of Agriculture personnel. This work group ranged from those with "unborn" programs to those beginning to wonder what activities to drop---from the group that doesn't know where to turn for information to the group that is ready to suggest some research projects. A wide range of topics, therefore, was considered in an effort to draw out some of the varying aspects of marketing information programs. This report does not include details of the subject matter discussed. The chairmen and secretaries tried to develop some generalizations that appeared from the problems raised.

The diversity in the training of workers in this area was a matter that not only influenced the discussions of this group, but also a matter that needs attention in the program.

If more specific preliminary knowledge of the problems of the group had been made available it would have proven useful in the development of the work group sessions.

### Objectives of Program

As marketing information programs for consumers are now viewed there is general agreement that the central core around which such programs are built is the idea of providing information on which families and homemakers in particular, can make wise decisions about purchases. In these programs the method of carrying out such teaching has been through the medium of food. Technological information must be provided on nutrition, supply, price, quality -- not only as to use but such convenience factors as satisfactory display and packaging of apples to fully prepared meals -- but also information that enables people to interpret choices in light of resources and wishes, and understanding of the economic processes that bring products from producers to consumers. The wider the scope of information the individual has the greater the possibility of making a wise choice -- wise in the light of both their individual desires and in the light of the economic processes that provide the goods. These wise choices of individuals will make for a stronger economic society. Confidence must be built that the information given on these programs enables people to act intelligently. As a result they are more likely to act on this information than if the medium is used merely to promote specific products.

### Types of Information Needed

All people in the work group expressed inadequacy in some areas of their training and a need to rely on others. One of the most productive methods of strengthening a rounded program appeared to be an initial effort to get a strong group to act in an advisory capacity both as to the type of information to be provided and sources for this material. This group could include representatives of various organizations -- such as trade, producer, consumer, civic, educational and governmental. Various combinations of these groups can be used but the fact of a supporting group seems very necessary.

Adequate information for conducting these programs is not only based on knowledge that the workers on these programs have, but also on the cooperative help of these other agencies in the area involved in the specific project. Workers on programs need to know the research studies going on which will help them to keep in touch with consumer behavior and marketing developments. One of the first jobs of persons working on these programs needs to be that of exploring both possible sources of information and groups through which to work. Situations will differ as to availability of information on supplies and prices. In some cases much of the needed information can be obtained through market news reports but in other cases individual workers may have to do much of the gathering of their own material. To avoid duplication of work and to make increased use of existing information are among the first jobs in establishing good relations.

After the information is obtained it must be translated and pulled into context that has meaning to the particular group at which the program is aimed.

### Dissemination

Methods must be developed for weaving the information together in the form that will be useful to homemakers and other purchasers, such as quantity buyers. It is important that media be used that can effectively reach large numbers of people. It is generally agreed that some balance must be kept between the use of mass media and face to face contact with individuals in disseminating information. The breadth of dissemination possible through mass media, tends to make it a necessary part of the program. Group meetings, however, are also necessary to keep the providers of mass information in touch with those to whom the information is directed. These in turn serve as a means of interpreting consumers' problems and behavior.

In the dissemination of information the necessity for a dependable, continuous service will be a problem that must be faced.



To date most of these programs have brought to the attention of the public the kind of information we can provide. We have, as yet, developed less in the line of establishing ourselves as a regular source of information on which persons will rely. For example, we have not yet reached enough homemakers in such a way to lead them to depend on our information regularly in day to day buying. We may have influenced them as we happened to reach them but have not yet done our job in the continuing educational process.

This is not intended as a criticism of the program that from all indications is one that is useful and wanted by producers, handlers and consumers but rather as something that needs to be kept in mind if we are to consider these programs as a reliable basis on which people can be helped in making decisions.

The group asked that a committee be set up to explore the possibilities of further professional training for workers in this area.

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RESOLUTIONS ADOPTED BY THE NATIONAL MARKETING WORKSHOP AT  
ITS GENERAL SESSION, SEPTEMBER 2, 1954

BE IT RESOLVED, that the members of this Workshop wish to express their most sincere gratitude to those who have made this Workshop possible, and to those who have made this Workshop the interesting and truly stimulating experience that it has been.

BE IT FURTHER RESOLVED, that a special expression of thanks be conveyed:

1. To the administration of this great and beautiful University for making its tremendous facilities available to us for conducting the Workshop.
2. To Harry C. Trelogan and to his Planning and Advisory Committees for a well-planned and coordinated program.
3. To the omnipresent Barnard Joy, executive secretary of the Workshop, whose tireless efforts prior to and during the nine-day session has been a major factor in making this Workshop a profitable experience.
4. To Max E. Brunk, Chairman of the Planning Committee for Local Arrangements, and to other members of the staff at Cornell University, as well as the graduate students and secretaries whose many efforts have made our stay an enjoyable one.
5. To W. I. Myers, Dean of the College of Agriculture, Maurice Bond, Director of the Extension Service, and C. E. F. Guterman, Director of the Experiment Station, all of Cornell, for their contributions to the success of the Workshop.
6. To the group leaders for their effective guidance and leadership, and particularly to the group secretaries who, together with the leaders, have exhibited boundless energies and untiring patience in bringing into focus the thinking of the various work groups and putting this thinking into presentable form.
7. To all those who made contributions in the form of addresses, papers, or as discussion leaders.
8. To Mrs. Gertrude M. Farmer, secretary of the Workshop, for her outstanding contributions in facilitating the smooth operation of the Workshop.

WHEREAS, the National Marketing Workshops are providing a most valuable means for the interchange of ideas among the various groups, research, education and marketing services, and

WHEREAS, the meeting together of these groups has developed a much better understanding among workers and a will among all groups to work together in a fully cooperative effort for the improvement of an independent system of marketing and distribution of farm products, and

WHEREAS, an efficient marketing of farm and food products is and will continue to be a permanent problem in the Nation's welfare,

BE IT RESOLVED, that a marketing workshop be held in 1955, and that consideration be given to the fact that Herman L. Donovan, President of the University of Kentucky, Frank J. Welch, Dean and Director of the College of Agriculture, and Aubrey Brown, Head of the Department of Agricultural Economics at that University, have extended their kind invitation to this group to meet at their institution, especially in view of the fact that no meetings of the National Marketing Workshop have been held in this area.

BE IT FURTHER RESOLVED, that the Planning Committee take into consideration the following points in designing a program for future meetings:

1. Consideration should be given to the possibility of allowing each workshop group to abstain from its regularly scheduled meeting once during the course of the Workshop to allow each member to visit with another Workshop group of his choice, (this would provide more time for discussions of other work group topics);
2. Consideration should be given to the possibility of having group leaders, secretaries and consultants arrive a day in advance of the regular meetings in order to more fully plan and coordinate their individual programs;
3. Consideration should be given to the possibility of placing more emphasis upon the problematical approach and upon specific case study types of presentations at the Workshop with less emphasis being given to the broad, theoretical, and more general presentations.
4. Consideration should be given to the fact that 74 percent of the Workshop members voted in a survey conducted by the Resolutions Committee in favor of shortening the length of the Workshop to approximately



one week; 26 percent voting in favor of commencing Thursday and ending the following Friday; 34 percent voting in favor of commencing Friday and ending the following Thursday; and 40 percent voting in favor of commencing Monday and ending Saturday.

5. Consideration should be given to the fact that 63 percent of the Workshop members voting in this survey voted in favor of holding two dinners during the course of the Workshop.

Resolutions Committee:

Daniel W. Sturt, Chairman  
George H. Chick  
D. Upton Livermore  
S. R. Newell  
Catherine Personius

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SUMMARY OF THE WORKSHOP

Harry C. Trelogan

Director, Marketing Research Division  
Agricultural Marketing Service, USDA

Upon opening this Workshop on Market Information, O. V. Wells was reminded of Christopher Columbus and how he must have felt as he viewed the jungle on an uncharted Continent. Wells reflected an apprehension that exists in the minds of every planning committee when a new Workshop gets under way. Each represents a new experience that doesn't quite follow the pattern of anything that preceded it.

The counsel that O. V. Wells gave us with respect to the conflicts of interests we might encounter, and the differences of views likely to confront us was fully substantiated. If anything, he understated the case, for I am sure more divergent thoughts have been expressed than we bargained for.

Fred Cole made this abundantly clear from the very outset when he simply stated that "marketing research is entirely inadequate to meet current needs for educational purposes" and then proceeded to justify the statement. His proposition, after citing the multiplicity of marketing problems and the paucity of research answers being reported, that the reliance on folklore rather than facts was also the experience of extension specialists on other subjects at a comparable stage of development was not meant as a rationalization of current marketing educational deficiencies. It was meant to impress upon all of us the need for systematic scientific inquiry to find valid answers to a whole host of questions.

As if to underscore Fred's point, S. R. (Bert) Newell started out by indicating how little is known in agriculture about how much we have to sell and where it is located. John Winfield, Frances Scudder and Bushrod Allin did much the same as Bert Newell in going on to explain what the Crop Estimates, Market News, Extension and Outlook programs were doing to supply authentic information. They all bragged a little about their respective services but wound up acknowledging that there was plenty of room for more and better information. Without much prodding they also suggested that research, as well as added resources, could help them do a more complete and accurate job.

Stanley Andrews, who could never be accused of beating about the bush or of saying in a complicated way anything that can be stated simply and effectively, interpreted some admittedly sketchy research results to suggest improvements for market news. He admitted a bias favoring farmers' points of view, but what he had to say about communications applied across the whole market information area. Stanley provoked the thinking of all except the most complacent, contented and confirmed believers that their work had just about attained the ultimate in perfection.

When Jean Anderson next told about the activities of the typified Mrs. Murphy, she removed most of the ego that was left in the men. It was done so effectively that nobody laughed when one of the husbands rose to ask how long this was going to go on -- that is, the likes of Mrs. Murphy leading the marketers and the menfolk generally on this merry chase toward more convenient, if not exotic, marketing services. Jean was nice about suggesting some ways that we might get on Mrs. Murphy's side and enjoy the ride instead of being completely dumfounded by Mrs. Murphy's prolific and unpredictable ways.

Just before the picnic where a lot of boys learned what stiff they had turned out to be, while others tested out the hog-corn capacity ratio, James L. Mahony effectively demonstrated the need for better understanding by and of retailers. Also that the small independent retailers of New Hampshire appreciated the information that was being made available to them by a forward-looking Extension Service.

C. G. Hildreth's competent discussion of supply and demand analysis, framed in technical language, indicated both problems of communication and the need for extensive training as a prerequisite for comprehending basic research in this area.

Everyone was extremely interested in how well economic analytic techniques have been applied to answer specific industry wants as explained by Robert C. White. The record of success was so good that it evoked sufficient admiration and skepticism to develop lively and profitable ad hoc discussion. Some of our points of view surely must have been widened in seeing how generally available market information is adapted to the specific needs of a growers' group.

The clarity with which Ken McCallister outlined the importance of quality information was generally accepted. The ways, means and programs currently providing it were received with little question. The suggestions for improving it revealed sufficient complexity and inclusiveness to suggest that an entire Workshop might well be devoted to "Quality Considerations in Marketing."

Next, Dr. John brought perhaps the most revealing and penetrating observations drawn from a rather obscure seat usually surrounded by an aura of privacy. Many folks may have been surprised at the aspects from which M. E. John, in the disarming honesty of a rural sociologist, chose to view obstacles to change. But they were certainly enlightened and their thinking was stimulated by the substance in a talk that commanded attention.

Don McDowell's talk epitomized a development that seemed to amount to a revelation in work group discussions; namely, the degree to which State Departments of Agriculture have entered into active cooperation with trade groups in promoting farm product sales. Don's forthright explanation of objectives, programs and procedures doubtless suggested



many opportunities for improving relationships with the public, with research workers and extension services as well as the trade groups with which the talk was primarily concerned.

After hearing Ray Higgins, we could understand why he left the Extension Service to join the Super Market Institute, quite as well as the attractive features he now recognizes among his old associates which might make him regret the change. He convinced us of the existence of trade groups willing to support market research, service and educational activities to meet their needs. He also impressed upon us the opportunities and advantages of public employees working with trade groups in a complementary rather than a competitive relationship.

"Harnessing of the forces" might well have been the topic of Lloyd Davis' talk in which he outlined how a significant and substantial market information program was organized and carried out. The merits of integration and coordination of our activities could not have been shown in a better way. Here was a concrete example of tangible benefits redounding to the constituents of all our programs through unified group effort -- a development that doesn't happen by chance, but requires leadership, cooperation and work.

Two of the most informative talks were saved until the last morning. Harper Boyd described private information services in an area least understood by agricultural people. His frank, concrete and interesting classification gave us an authentic evaluation and insight into sources of information we must learn to know and use more in the future. Howard Stier and his trade association repeatedly impress me most favorably with the wealth of excellent statistical information they assemble, compile and distribute for the canning industry. He offered us a veritable jackpot when he pointed out the data that could be obtained by you from his as well as many other trade associations free of charge.

The general quality and tenor of the formal talks was good -- in the words of the Market News man they had a strong undertone. For the most part they accomplished the neat trick of appealing to the wide range of interests among the Workshop participants ranging from Big John from the tomcat country to Bushrod Allin from the highest society of erudition, as well as the lately organized howling tom and kittenball society.

Group reports didn't accomplish this trick so well, for several tended to be couched in technical language that escaped those not participating in the discussions. I venture that most of you, however, experienced the pleasant reaction that your group report turned out to be much better than you thought possible. I predict, too, that as time goes on you will come to the realization more and more that the work group discussions were of greater value to you than you ever surmised at the time they occurred.

At this point you may share the speculation of the planning committee as to whether during the sessions more fixed notions have been shattered

than ideas created. Many seeds of ideas have, nevertheless, been planted in what we hope is fertile ground.

Your excellent cooperation, congeniality, and mutual consideration of problems this year has been a source of real gratification to those of us responsible for a policy decision made two years ago. I think you have amply justified the bringing together of research, extension and service workers into a single Workshop.

A major contribution to success in this respect was made by our Cornell hosts who provided such excellent services and accommodations. The coffee hours exemplified the conditions designed to bring the groups together for congenial, profitable conversations. The brilliance of this idea was exceeded only by its implementation.

Our evening dinner talks arranged by our hosts must be classed among the outstanding features of the Workshop. Although they were generally off the subject of marketing, they brought out some admirable points of value to marketing.

Dean Myers did his part to straighten us out on how things really got started around here by Ezra Cornell. In so doing he also demonstrated what a complicated institution can come out of such simple beginnings and still be regarded as something glorious to view and to praise with pride. In addition, Dean Myers devoted attention to our problems and took occasion to help us peer into the dim, but not necessarily dismal future. As he led us in this direction he made what to me was one of the most appropriate statements of the Conference -- "Times of greatest opportunity are also times of greatest danger." This is timely advice for the Agricultural Marketing Workshop.

How well we do today will substantially shape the future of marketing research. We have a great obligation. Our hope is that this Workshop will help you in your endeavors to take better advantage of the broader opportunities that are currently open to us -- to provide more adequate, reliable and useful market information.

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1. The first part of the report is a general introduction to the subject of the study. It discusses the importance of the study and the objectives of the research. It also provides a brief overview of the methodology used in the study.

2. The second part of the report is a detailed description of the study area. It includes information about the location of the study area, the population of the study area, and the characteristics of the study area.

3. The third part of the report is a description of the data collection process. It includes information about the sources of data, the methods used to collect data, and the time period over which data was collected.

4. The fourth part of the report is a description of the data analysis process. It includes information about the statistical methods used to analyze the data, the results of the analysis, and the interpretation of the results.

5. The fifth part of the report is a conclusion and a discussion of the findings of the study. It includes a summary of the main findings of the study, a discussion of the implications of the findings, and a list of recommendations for further research.

6. The sixth part of the report is a list of references. It includes a list of all the sources of information used in the study.

7. The seventh part of the report is a list of appendices. It includes a list of all the supplementary materials that are provided with the report.

8. The eighth part of the report is a list of figures and tables. It includes a list of all the visual aids that are used in the report.

9. The ninth part of the report is a list of footnotes. It includes a list of all the footnotes that are provided in the report.

10. The tenth part of the report is a list of glossary. It includes a list of all the terms and definitions that are used in the report.





